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GENERAL STAFF REPORTS ANTIGOVERNMENT CAMPAIGN

PY012242 Buenos Aires DYN in Spanish 1135 GMT 1 Sep 82

[Text] Buenos Aires, 1 Sep (DYN) -- The Army has charged that "a psychological campaign has been launched in the country by persons who are particularly interested in hindering the attainment of the goals" of democratization announced by the government and the army.

In a communique released at the "Libertador" building, Army headquarters, the Army reports that the issue was the main topic analyzed by the Army General Staff, the top organ for study and management of the Army, second only to the commander in chief.

The general staff meeting was summoned and presided over by Deputy Chief of Staff Gen Rodolfo Wehner. General Wehner has been in charge since the retirement of Maj Gen Jose Vaquero, who had to retire because he was more senior than Maj Gen Cristino Nicolaides, the current commander in chief.

The General Staff communique, which was released last night at the conclusion of the meeting, explains that "several issues related to the force and the national situation" were analyzed and that "all top-ranking officers" of the General Staff participated in the meeting.

The communique then states: "Special attention was given to the psychological campaign launched in the country by persons who are particularly interested in hindering the attainment of the goals set by the national government and by the Army for this transition stage leading toward the definitive institutionalization of the country."

Although the communique gives no further details, sources close to the Army reported that the relief of Gen Ricardo Flouret and the rumors about disagreements between President Reynaldo Bignone and Nicolaides have caused notable uneasiness within the army.

Concerning Flouret, shortly after the sanction was imposed on him, a "spokesman" for the Army dismissed the rumors as unimportant, stressing that it was a normal case within the force.

Concerning the disagreement between the president and the commander, press reports indicated that while Bignone supported the position adopted by former Economy Minister Jose Dagnino Pastore that the economic sanctions on Great Britain should be lifted in order to facilitate the renegotiation of the foreign debt, Nicolaides adhered to the position of former Central Bank President Domingo Cavallo, who advocated an opposing stance.

According to the above reports, this issue may have caused the departure of the two officials, although Bignone and Nicolaides are said to have tried to reach an agreement at a lunch they had -- following an invitation from the army commander -- at the Libertador building this week.

GENERAL BUSSI ON CURRENT POLITICAL PROBLEMS

PY011522 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1210 GMT 31 Aug 82

[Text] Buenos Aires, 31 Aug (NA) -- Gen (Ret) Antonio Bussi, who has admitted that he has a "vocation for politics," has asserted that "no leader had offered him the governorship" of Tucuman Province, as reported over the past few days.

Bussi, who was commander of I and III Corps and military governor of Tucuman Province, urged that "a program be achieved for the nation as a whole," through an agreement between the armed forces, the church, the political parties "and the representative sectors of the community."

He opined that the political and sector leaders should make their contributions to that program "and that they should make it a duty to carry out the commitments that they contract, no matter what type of government succeeds the current one."

Bussi, who was also in charge of Operation Independencia carried out against subversion, also believes that the unity of the armed forces is very necessary and that at this stage the incorporation into the current government of well-known members of the main political parties and social sectors is also necessary to achieve, he said, "a real government of national unity."

Referring to the reports that have been circulating during the past few days indicating that a political party had offered him the governor ship of Tucuman Province, the retired military officer answered that no political leader had offered him a governorship.

A few days ago, the head of the Federal Vanguard Party of Tucuman -- which is a member of the Fufepo [Popular Federalist Force] -- Celestino Gelsi, asserted that "I would not mind" if Bussi agreed to become a candidate for his party.

"This is the first I have heard of it," Bussi said, "but it is still too early to talk about candidates, because in order to achieve elections the country must take on the serious problems that are worrying us in a united way."

MULTIPARTY GROUP CRITICIZES CURRENT REGIME

PY010400 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2123 GMT 28 Aug 82

[Text] Santa Fe, 28 Aug (NA) -- National leaders of the multiparty group here harshly criticized the government of the armed forces and the political organizations "which are sheltered" under the current regime.

Unemployment, low salaries and the result of the war over the Malvinas Islands were the main subjects discussed by the speakers at a gathering of more than 4,000 persons at the Gymnastics and Swordsmen Club in this capital.

Present at the activity which took place last night were Rodolfo Cattaneo representing the Santa Fe Justicialist Party; Carlos Garcia for the Integration and Development Movement; Horacio Domingorena for the Popular Line; Francisco Cerro, for the Christian Democratic Party; Oscar Alende, for the Intransigent Party; and Luis Caceres, for the Radical Civic Union.

Cattaneo stated that "A year ago we asked for peace and work and they paid us with unemployment, war and hunger." "What can a worker do," he asked, "who is paid $1 a day?"

Garcia Sola also stressed the presence of his party in the multiparty group and stated that "No wounds can be bandaged before killing the infection; we cannot march toward democracy without receiving concrete explanations of what happened in the Malvinas war."

Popular Line leader Domingorena stated that "We cannot expect anything from the current process; its errors have been too serious and will be very difficult to solve."

He added that the current military regime "has spent the money of the people in an arms race; as a result, the factories have been closed and the workers are taking less bread to their homes every day."

Oscar Alende also harshly criticized the current government and stated that "we must put an end to antagonisms: Neither Peronists nor anti-Peronists are needed for a full democracy." In another passage of his speech, he said that "The Malvinas war has taught us a great lesson we must all learn."

Radical leader Luis Caceres stated that "Democracy can be achieved without getting involved in odd disputes among political parties."

"We all," he added, "must be united to form a front to show that democracy is the path we must walk." He then criticized "the civilian governors and mayors who seek shleter under this government."

Christian Democrat Cerro stated that "an explanation must be given about the events in the Malvinas Islands and that the situation of the workers maut be improved." He stated: "It is not possible for we Argentines not to know why we took part in a war which has led us to more chaos."

UCR BRANCH PROPOSES ALFONSIN FOR PRESIDENT

PY011402 Buenos Aires TELAM in Spanish 1129 GMT 31 Aug 82

[Excerpt] Santiago Del Estero, 31 Aug (TELAM) -- The Renewal and Change Movement of the Radical Civic Union (UCR) has launched the candidacy of Raul Alfonsin for president of the nation.

According to leaders of the movement, this decision was adopted during a luncheon held recently by 500 people in La Banda.

The president of this movement of La Banda Department, Francisco J. Jimenez, read a declaration, approved by acclamation, launching Alfonsin as presidential candidate.

INTERIOR MINISTRY ALLEGEDLY STUDYING AMNESTY LAW

PY011803 Buenos Aires DYN in Spanish 1054 GMT 1 Sep 82

[Excerpts] Buenos Aires, 1 Sep (DYN) -- Eduardo Maschwitz, spokesman of the presidency, admitted that the national government is studying the possibility of issuing an amnesty law for the prisoners at its disposal and that the drawing up of this law is "a hypothesis being considered by the interior minister."

Yesterday the spokesman was asked about a rumor according to which the studying of this law is one of the "priority tasks" entrusted to Llamil Reston's ministry. He refused to make any further comments in this regard and only stated that it is a hypothesis.

The sources had disclosed that in addition to the amnesty law, the problem of the missing persons was being analyzed at the highest level, and that for this purpose a note addressed to President Reynaldo Bignone by the Argentine Episcopal Conference was being "seriously taken into account."

The government sources also pointed out that the possibility of granting new liberties to the prisoners at the disposal of the national executive branch, which presently number 432, is being considered.

The sources asserted that the amnesty subject is of "great importance" to the government, to the point that it will allegedly be resolved even before the electoral schedule to hand over power to a constitutional government in 1984 is established.

Some versions also stated that the subject could have been discussed during the meeting which Aramburu held with Army Commander in Chief Gen Cristino Nicolaides at the "Libertador" building.

However, the sources pointed out that neither the Army nor the other two armed forces have any part in drawing up this draft bill, and that it would be handled exclusively by Reston's ministry.

Nevertheless, it was learned that the Army joint staff has started work on a draft bill similar to that being studied by the Interior Ministry, but that this law would only benefit those persons who were sentenced to less than 5 years and those guilty of crimes who are underage.

MORON UNIONS BREAK AWAY FROM CGT FACTION

PY012347 Buenos Aires DYN in Spanish 1504 GMT 1 Sep 82

[Text] Buenos Aires, 1 Sep (DYN) -- Union sources reported today that seven of the main labor unions of Moron no longer recognize the regional officials of the CGT [General Labor Confederation] faction on Brasil Street although they continue supporting the national CGT leadership headed by Saul Ubaldini and the 62 organizations. These sources added that the unions which decided to cease recognizing the regional CGT headed by Juan Molina are the mechanics, construction workers, metalworkers, railroad workers, yeast, leather and Asimra [Metallurgical Supervisors Association] workers. The union sources explained that the decision was adopted as a manifestation of rejection over the handling of the regional organization in the recent past.

PRESIDENT DECRIES THREATS AGAINST JOURNALIST

PY012229 Buenos Aires Domestic Service in Spanish 1600 GMT 1 Sep 82

[Excerpt] Commenting on threats received a few days ago by journalist Magdalena Ruiz Guinazu, presidential spokesman Eduardo Maschwitz said: President Bignone is totally respectful of the freedom of the press because he seeks to promote democracy by living democratically. Therefore, Maschwitz said, President Bignone totally repudiates those threats.

NO PROTESTS ON S. ATLANTIC SUBMITTED TO UN 1 SEP

PY011749 Buenos Aires Domestic Service in Spanish 1030 GMT 1 Sep 82

[Excerpt] According to information released by the San Martin Palace, Argentina today has not submitted any protest notes to the UN Security Council today on incidents in the South Atlantic. An authorized spokesman pointed out that the last note submitted to the United Nations was on 25 August concerning the intimidation of an Argentine fishing boat on 14 August by a British aircraft.

BEAGLE TREATY WITH CHILE MAY BE RENEWED

PY012227 Paris AFP in Spanish 1654 GMT 1 Sep 82

[Excerpts] Vatican City, 1 Sep (AFP) -- Argentina has agreed to renew the arbitration treaty which foresees the possibility of resorting to the International Court at The Hague in its territorial dispute with Chile over the Beagle Channel zone, it was learned from diplomatic sources in Rome today. The arbitration treaty signed in 1972 expires on 27 December 1982.

Cardinal Antonio Samore, the papal mediator between the two countries, today held a 1-hour meeting with Argentine representative Luis Maria Ricoheri in his office in the Vatican library. Samore later held a 1-hour meeting with Chilean Ambassador Enrique Bernstein and two of his assistants from the permanent delegation to the Beagle Channel case. Cardinal Samore will meet again with the representatives of the two delegations tomorrow, Thursday, but he will meet with the Argentine representative first and then with the Chilean representative.

No official or unofficial reports were released regarding the resumption of the contacts. Observers feel, however that real progress might be expected in the mediation, since this time the negotiations are being held in an excellent atmosphere. The mediation process was begun 3 years ago. Diplomatic sources in Rome have noted that the negotiations will actually resume when Ambassador Carlos Ortiz de Rozas, chairman of the Argentine delegation, arrives in Rome. The same diplomatic sources indicated that the Argentine Government is likely to officially announce its decision to renew the arbitration treaty upon the conclusion of Ortiz de Rozas' meeting with Cardinal Samore.

CONGRESS APPROVES GOVERNMENT-SPONSORED BALLOT

PY011520 Sao Paulo Radio Bandeirantes Network in Portuguese 1000 GMT 1 Sep 82

[Summary] Despite attempts by the Workers Party to obstruct the vote, last night Congress approved the government-sponsored draft enforcing a new ballot. The draft was passed on the basis of the pro-government party majority in Congress.

PRESIDENT SUBMITS 1983 BUDGET TO CONGRESS

PY010317 Rio de Janeiro O GLOBO in Portuguese 31 Aug 82 p 18

[Text] The nation's president submitted the 1983 budget bill to Congress yesterday estimating expenditures and revenues at 10,047,000,000,000 cruzeiros, that is, 92 percent more than the amount to be collected and spent this year.

In 1983, as over the last 3 years, priority will be given to increasing agricultural production, the use of substitutes for oil byproducts and substitutes for exports [as published]. The accompanying message, however, stresses "the government's concern for the individual and the community," explaining that 3.2 trillion cruzeiros will be spent on social sectors and regional development, that is, nearly 30 percent of the total budget.

The government also intends to transfer 1.3 trillion cruzeiros to the monetary budget to reimburse expenditures on subsidies. The message thus considers that the public sector deficit as regards the gross national product [GWP] will continue to decline as a result of "a reorganization of governmental actions in the financial area." The deficit in relation to the GWP was 8.3 percent in 1979; 6.7 percent in 1980; and 5.6 percent in 1981. At the beginning of the Figueiredo administration, "the general situation of the public sector was characterized by large discrepancies because the national revenues were not in line with subsidy expenditures for credits and consumption, fiscal incentives, foreign debt servicing and state enterprise deficits."

In addition to current and capital gain revenues that will add up to 8.95 trillion cruzeiros in 1983, the national budget will be fattened by more than 1,058,000,000,000 cruzeiros from other sources (Finsocial [Social Investment Fund] and sugar account, mainly). Regarding revenues, the president's message states that the plans "reflect the expectation of a decline in the rate of inflation and a reasonable recovery of economic activities with a subsequent increase in jobs." The government also reiterates its intention of maintaining an austere monetary policy, a salary policy "capable of compensating for rising prices" and of containing "readjustments of public service charges within limits compatible with domestic inflation." Twenty-five percent of the total revenues will be generated by income tax (2.2 trillion cruzeiros), finished goods tax (IPI) (1.9 trillion cruzeiros), and financial operations tax [IOF] (990 million cruzeiros).

The expenditures' program for next year was made "so as to avoid the undesirable interruption of projects in an advanced stage of execution, without disregarding other expenditures that cannot be postponed such as salary payments and debt servicing."

The budget's main characteristics are: 476.7 billion cruzeiros for agriculture; 3.2 trillion cruzeiros for social and regional development, "attesting to the government's concerns for the individual and the community"; 186.7 billion cruzeiros for the energy mobilization program; the restricting of government hiring; limiting the purchase or remodeling of properties, the replacement of vehicle fleets, and the purchasing of new equipment; 1.2 trillion cruzeiros to be held in reserve for the salary readjustments of government employees or for unforeseen expenses; 2.3 trillion cruzeiros for salary payments (nearly 25 percent of tax revenues); 1.6 trillion cruzeiros for transfer to the states, federal district and municipalities, which represents 18 percent of the budget expenses and a 109 percent increase over the current budget.

The largest expenditures in 1983 are earmarked for regional development (1.2 trillion cruzeiros); welfare and social assistance (1.1 trillion cruzeiros); administration and planning (1.09 trillion cruzeiros); transport (1.07 trillion cruzeiros); education and culture (832 billion cruzeiros; and national defense and public security (662 billion cruzeiros).

AGRICULTURE MINISTRY OFFICIAL TO USSR, EAST BLOC

PY020153 Brasilia Domestic Service in Portuguese 2200 GMT 1 Sep 82

[Excerpt] The secretary general of the Agriculture Ministry, Ubirajara Timm, will travel on Friday to the Soviet Union, the FRG, the GDR, Czechoslovakia and Hungary, where the will contact government authorities in order to discuss the ministry's relations with those countries regarding the sale of agricultural products.

According to Timm, his trip is a preliminary one and the minister himself will have to travel in order to conclude the negotiations.

WELFARE MINISTER TO U.S. FOR HEART SURGERY

PY020151 Brasilia Domestic Service in Portuguese 2200 GMT 1 Sep 82

[Text] Welfare and Social Security Minister Helio Beltrao announced today that on 11 September he will travel to New York, and that 2 days later he will travel to Cleveland, where he will undergo a heart bypass operation.

He is travelling on the recommendation of Dr Luis (Estalles), president of the INAMPS [National Institutes for Social Security and Medical Assistance], and of President Figueiredo.

The minister will be absent from Brazil for 3 weeks, and stressed that he will return to Brazil with a brand new heart.

BRIEFS

AMBASSADOR TO GREAT BRITAIN -- Brasilia, 27 Aug (AFP) -- President Joao Baptista Figueiredo today designated former Foreign Minister Mario Gibson Barbosa as Brazilian ambassador to Great Britain, replacing Ambassador Roberto Campos. [Paris AFP in Spanish 1225 GMT 27 Aug 82 PY]

AMBASSADOR TO BOLIVIA -- Brasilia, 31 Aug (AFP) -- The Foreign Ministry announced last night that President Joao Figueiredo has named Joao Trabajara de Oliveira as Brazil's ambassador to Bolivia. [Paris AFP in Spanish 1349 GMT 31 Aug 82 PY]

CENTRAL BANK PRESIDENT MIGUEL KAST RESIGNS

PY020130 Santiago Domestic Service in Spanish 0000 GMT 2 Sep 82

[Excerpt] Central Bank President Miguel Kast has resigned from his post. Kast officially told reporters that he will transfer his post to whomever is designated his successor.

[Begin Kast recording] Yesterday I forwarded a letter to the president of the republic explaining to him the convenience of presenting my resignation to give him freedom of action. Later, I held a lengthy and cordial talk with him during which I thanked him for the privilege of serving the Chilean people for almost 2 years. [end recording]

MINISTER CONFIDENT ECONOMY WILL IMPROVE

PY312246 Santiago Domestic Service in Spanish 1730 GMT 31 Aug 82

[Excerpt] The country is capable of regaining its normal level of economic activity, Rolf Luders, the new economy and finance minister, has stated. At 0820 today, the new minister arrived in the Finance Ministry, where former Economy Minister Sergio de la Cuadra handed over the portfolio to him. Luders then visited the internal taxes offices and later attended a cabinet meeting at La Moneda Palace. On returning to the Finance Ministry, he was interviewed by journalists. Luders noted that a new economic package should not be expected.

[Begin Luders recording] I do not think we will release a new economic package. We are engaged in a reactivation plan. [end recording]

In reply to a question, Luders said that the employment rate will increase. Luders has shown his concern over this subject through articles published in a newspaper column. Luders also expressed his confidence that the country will successfully surmount the present economic situation.

[Begin Luders recording] The country is capable of regaining its normal economic activity. This is an abnormal situation; we will heal the economy. [end recording]

NEW LABOR MINISTER HOLDS PRESS CONFERENCE

PY020011 Santiago Domestic Service in Spanish 1730 GMT 1 Sep 82

[Excerpt] Newly appointed Labor and Social Welfare Minister Patricio Mardones has said that unemployment will be one of the main points of concern of his ministry. Barely 24 hours after taking office, he met reporters and talked about the main issues under his jurisdiction. In a rather informal meeting, Patricio Mardones said that he wants to maintain close contacts with labor leaders in order to know the problems and interests of the labor sector.

He explained that following instructions from President Augusto Pinochet, Law 18,134 will be reconsidered, especially in the areas dealing with the law on minimum salaries and compensations. The minister then said that the most urgent task is to reduce unemployment and that his ministry would do everything in its power to bring that about. However, he went on, this will not mean that we shall ignore those who are already working. In a word, he said his interest centers around the labor situation.

[Begin Mardones recording] Barely 24 hours after taking over, I am expressing my concern over the labor situation. Now, the [word indistinct] problem is also very important, and I will also take care of it, but the mian problem today is unemployment. But the entire system operates as a whole, and we may also help alleviate the unemployment problem through social security measures. I would say that 24 hours after taking office, my main concern centers around labor problems. [end recording]

The minister also announced that he will start meeting labor leaders this week or the beginning of the next week.

SUPREME COURT REJECTS REQUEST BY EXILED LAWYER

PY012351 Santiago Domestic Service in Spanish 1730 GMT 1 Sep 82

[Relay from La Moneda Palace by Graciela Contreras]

[Excerpt] Interior Ministry Enrique Montero stated at noon today that he fully agrees with a Supreme Court decision which rejected a request for court protection presented by lawyer Jaime Castillo Velasco [former president of the Chilean Human Rights Commission and of the Christian Democratic Party who is living in exile in Venezuela]. Thus, in a formal talk with reporters accredited to government house, the interior minister stated that it is a decision with which he fully agrees because it is in line with the government position concerning this and other previous requests. Asked whether some exiles could be allowed to return to the country, the interior minister told reporters:

[Begin Montero recorded] We are currently studying some cases, but as I said, we always consider them on an individual basis. If there are reasons to allow them to return and if it is justified, then the authorization will be granted. There are some pending requests which are under study by a Foreign Ministry committee. [end recording]

BEAGLE DISPUTE DISCUSSED WITH PAPAL MEDIATOR

PY012204 Santiago Domestic Service in Spanish 1730 GMT 1 Sep 82

[Text] Cardinal Antonio Samore, papal representative to the mediation process, has resumed his activities by receiving both the Argentine and Chilean delegates. The cardinal received Chilean Ambassador Enrique Bernstein and Argentine Adviser Luis Maria Riccheri separately.

These two meetings took place following the Vatican administration's 1-month vacation period. According to an Argentine diplomat, these meetings have marked the beginning of what he described as an intensive period of consulations, as reported by AFP.

A Chilean representative also stated that the meeting focused on aspects of the pope's request regarding the need to intensify the search for a solution to the territorial dispute.

According to AFP, diplomatic observers feel that the round of meetings which began today seeks to prevent the Argentine-Chilean dispute from being taken to the International Court at the Hague. It should be pointed out that Chile accepted the papal proposal presented on 12 December 1980, but that Aragentina has not yet given an answer to the pope.

BRIEFS

NEWSPAPERS CLOSE DOWN -- EL CORREO of Valdivia and LA PRENSA of Osorno will no longer be published as of tomorrow, their directors have announced. It is believed the two newspapers are going out of circulation due to their shaky financial status. [Santiago Domestic Service in Spanish 1100 GMT 31 Aug 82 PY]

BETANCUR ANNOUNCES MEASURES TO AID ECONOMY

PA020334 Paris AFP in Spanish 0147 GMT 2 Sep 82

[Text] Bogota, 1 Sep (AFP) -- In his first radio-television speech to the nation, new Colombian President Belisario Betancur tonight announced a series of corrective measures to improve Colombia's ailing economy. The new head of state, less than a month after power, admitted that serious problems are affecting the country and proposed a gigantic unified effort for which he appealed to the solidarity of all fellow citizens. The program presented by Betancur is as follows:

1. To recover and consolidate economic growth, stabilizing prices and achieving a financial equillibrim.

2. To reactivate the economy, based on the mass generation of jobs with just salaries for all Colombians.

3. To channel this new growth toward broad sectors of the population and to avoid the concentration and abuse of economic power at all costs.

4. To develop joint, unified action among the private production sectors and the public sector in order to achieve social well-being.

"There is a crisis," the president said in his 1-hour speech, "because of productive paralysus, monetary disequillibrim, a fiscal deficit, high prices and growing unemployment, and because we have a rigid system of 'administered prices.'"

Betancur noted, for example, that the cost of production dropped from 1970 to 1978 by more than half and by 2 percent between 1978 and 1981. And in recent months it dropped on the whole for the first time in a long while.

He indicated that there have been setbacks in the construction industry and the agriculture-livestock sector, a proliferation of bankruptcies, high rates of interest, and above all, a fiscal deficit of 90 billion pesos (approximately $1.35 billion) resulting from excessive public spending and reduced revenue income.

After noting that the special exchange account will be controlled, the president said that monetary fluctuations will be flexible and that the purchase of lands of social interest will be expendited within the framework of his policy decision to grant access to popular housing without a downpayment to benefit the poorest sectors of the population.

He added that in the same manner, the distribution of food stuffs and agriculture-livestock exports will be stimulated, noting that in the case of coffee, "Colombia will exhaust all efforts to strengthen the International Coffee Agreement, seeking export quotas in keeping with the country's productive capacity."

Further, special efforts will be made to promote industrialization with fixed credits for small and medium businesses, incentives for the agriculture industry and special attention to the automotive and textile sectors, while prudence will be exercised in imports.

In another series of proposals, Betancur underlined the need to lend vigor to the Andean subregional group and to implement the Andean justice tribunal as rapidly as possible solution to the acts of nonfulfillment that have affected the integration process."

Betancur announced that a vast financial reform commission will be created to confront the problems faced by the banking system in view of the emergence of such irregularities as excessive freedom in monetary costs and in the abundance of intermediaries, whose activities are always detrimental to the small saver and the small shareholder.

"The government has taken initial measures to restore the function of financial intermediary to the banks to ensure the moral solvency that the nation demands, and, above all else, to guarantee a trustworthy continuing and honest public economic order," the president said.

The president referred in his speech to the recent state intervention in a number of financial corporations that were unable to meet their obligations, having diverted their funds to other uses, harming thousands of persons and sowing panic in the financial sector. In this regard, Betancur stated: "In the meantime, the authorities will act firmly to protect small and medium savers who are exposed to the games of unscrupulous financial entrepreneurs and will see that the guilty parties are penalized by the judges."

Consequently, one of the organizations affected, the Banco Nacional, will be liquidated, he concluded.

ARMY ASKS GUERRILLAS TO PUT WEAPONS ASIDE

PA010419 Paris AFP in Spanish 1833 GMT 31 Aug 82

[Text] Bogota, 31 Aug (AFP) -- The Colombian Army today asked the guerrillas to put down their arms as proof of their desire for peace and offered them every guarantee of a normal return to lawful life. Talking to AFP at the end of a ministers meeting presided over by President Belisario Batancur, Defense Minister Gen Fernando Landazabal said: "We trust that they will demonstrate such a desire."

Landazabal noted the suspension of the state of siege and of the controversial security statute, which the guerrillas strongly opposed, and said: "We hope that the subversives will realize we want peace." "We have been waiting for the guerrillas to put aside their arms so that we can achieve a definitive and lasting peace in Colombia," the minister said, while denying that any peace talks are currently underway.

The communist Revolutionary Armed Forces of Colombia (FARC) and the Leftist 19 April Movement (M-19) have expressed their desire for peace through clandestine sources. The two groups, the most active in Colombia, have also voiced their willingness to join a national dialogue that will permit a general agreement, but no date has yet been announced for such talks.

BRIEFS

FOREIGN EXCHANGE SITUATION -- Bogota -- The Banco de la Republica today released an analysis of the country's monetary and exchange situation as of July 1982, according to which we have a balance of payments deficit of $470 million. Our balance of international reserves, which was $5,333,000,000 on 31 December 1981, had dropped to $5,163,000,000 at the end of July. [Bogota Domestic Service in Spanish 1730 GMT 27 Aug 82 PA]

RESIGNATION OF CAUCA GOVERNOR-DESIGNATE -- Conservative Carlos Zambrano Ulloa defined himself as an honest man while confessing that he didn't want to write the letter declining his appointment as governor of Cauca but that statements published by EL TIEMPO regarding his alleged participation in an auto loan at the state bank have left him no choice. Zambrano Ulloa said he is ready to respond to any judicial inquiry regarding his position on the bank's board of directors. He said that Panamanian, U.S. and Colombian authorities are the only ones that can speak about his actions, since they investigated the events that resulted in the statements that appeared in the Bogota newspaper. [Bogota Emisoras Caracol Network in Spanish 1215 GMT 26 Aug 82 PA]

GOVERNMENT SILENT ON REPORTED RESIGNATIONS

PA011357 Quito Voz de los Andes in Spanish 1130 GMT 1 Sep 82

[Text] Guayaquil. There is a difficult political situation. President Hurtado has talked with the military high command, the Concentration of Popular Forces [CFP], and the Popular Democracy Party. The CFP has withdrawn its support from President Hurtado's government and has put the two ministries under the CFP at the disposal o the president.

Rafael Robles Neira, passing through Guayaquil, told the news media that he is a CFP man:

[Begin recording] [Robles] I am basically an active party member who abides by the decisions of the party. My role in the ministry is transitory. The party has the final word, establishes the standards and sets the concepts under which a minister must function.

[Question indistinct]

[Answer] If the party decides that it is necessary to withdraw that participation, that will be done. [end recording]

The CFP ministers have obeyed the party's decision after having gone to the office of the president of the National Chamber of Representatives [Rodolfo Baquerizo] to meet with the president of the CFP, who is also the president of Congress.

Both Dr Robles and Patricio del Pozo, the resigning ministers, have been very sober in their statements. The resignations have come as a result of Rodolfo Baquerizo's decision that it is necessary to form a national concentration government that will not have CFP participation.

This is how CFP cooperation with the government has come to an end. The CFP bloc in the Chamber of Representatives has decided to vote unanimously in favor of censuring Dr Eduardo Ortega.

Despite pressing questions from journalists, the government's most important spokesmen have refused to give an opinion on the political situation that has resulted from the resignation of the CFP ministers.

Neither Government Minister Galo Garcia nor Public Information Secretary-General Ernesto Alban wanted to comment on the latest events. They neither confirmed nor denied the resignations.

They said at the presidential palace that the resignations have not been officially received. Sources close to the government have also said that it is not true that the CFP director has delivered the resignations of Ministers Robles and Del Pozo.

EXECUTIVE BRANCH CALLS FOR ELECTIONS IN 1983

PY011729 Asuncion ABC COLOR in Spanish 31 Aug 82 p 10

[Excerpt] Through decree No 35,221, the executive branch yesterday called for general elections for Sunday, 6 February 1983. The decree, which originated at the Interior Ministry, was signed by President Alfredo Stroessner and Interior Minister Sabino Augusto Montanaro.

The decree rules that the president, 30 senators, 18 alternate senators, 60 deputies and 36 alternate deputies will be chosen for the 1983-1988 period. The electoral boards of five parishes in the capital and of 213 rural localities will also be made up of six members and six alternate members each for a 5-year period.

DAILY RAPS RELEASE OF U.S.-SUPPLIED DOCUMENT

PY011842 Asuncion ABC COLOR in Spanish 1 Sep 82 p 8

[Editorial: "Breach of Credibility With the Public"]

[Text] To prove that Paraguayan writer Augusto Roa Bastos had travelled to Cuba and, with the clear objective of making his assertion more credible, the Interior Ministry under secretary has produced a document which he said originated at the U.S. Embassy in our country.

In view of the nature of the document in question -- a list of persons who travelled abroad, especially to communist countries, but which makes no reference to its source -- a U.S. Embassy spokesman was asked whether the document was authentic and gave a predictable answer: "No comment." Although not admitting that the document is authentic, this reply can be interpreted more as an admission than a denial.

As was already indicated, underlying the Interior Ministry under secretary's decision to publicly produce the above document is the assumption that without it no one would give credence to his words, irrespective of whether Mr Roa Bastos made those alleged trips to Cuba, of the extent to which these trips and other factors could be instrumental in branding him as a communist and of whether being a communist could be a valid reason to expel him from the country, the way he was.

There can be no other way but to interpret the disclosure of these documents as a serious step. These documents which, at best, cannot be supplied by other countries -- or more precisely by their special intelligence services -- were made available under the strictest commitment not to disclose them due to the obvious domestic and foreign repercussions their dissemination would have.

A country has reached a critical point when its senior officials find it necessary to gain credibility through such extreme actions as that taken by the under secretary in the above case. One could even think that similar situations do not occur more frequently only because the issues involved are not important enough. Involved in this case is in fact a great, world famous writer and the document was disclosed to counter a public statement by someone who was interior minister at the time the writer made these alleged trips to Cuba. It is perhaps only because of these special circumstances that the prevailing belief among government officials that the people will give little credence to their words became evident in this particular case. If this is really the case, and such a mood really exists, then it should be cause for deep concern.

Finally, in this case one should not overlook the possible consequences of having disclosed confidential documents supplied by another country. It should be assumed that in the future, due to this precedent, other nations could be reluctant in supplying us information which at a certain point could be highly necessary. Awareness of the basic notion that institutions come before those who head them is indispensable for those who have access to that type of information today.

REPORTED URUPABOL BREAKUP CAUSES CONCERN

Laid to Bolivian Arms Buildup

PY012332 Paris AFP in Spanish 1918 GMT 1 Sep 82

[By Alejandro Escobar]

[Text] Asuncion, 1 Sep (AFP) -- The unexpected Paraguayan decision to withdraw from Urupabol [Permanent Joint Commission of Uruguay, Paraguay and Bolivia] is a harsh setback for the subregional economic integration process, which also includes Uruguay and Bolivia within the sphere of the River Plate Basin, it was noted in Asuncion today.

Francisco Barreiro Maffiodo, Paraguayan foreign relations under secretary, confirmed to AFP today that President Alfredo Stroessner's government has denounced the Urupabol treaty and withdrawn from that subregional organ.

Neither the Finance Ministry nor the local office of Urupabol, which is headquartered in Asuncion, wanted to comment on the Paraguayan decision to denounce the treaty.

Although no official reports have been released, it has been learned unofficially that Paraguayan-Bolivian relations have had a decisive influence on the measure that has been adopted by President Stroessner's government.

Observers have noted that the press reports from La Paz stating that Bolivia has reportedly purchased over 50 Belgian jet fighters has caused a bad impression within Paraguayan official circles.

Paraguay has denounced the Urupabol treaty and broken away from that organ, the foreign relations under secretary told AFP when the press published, with reservations, an unofficial report from La Paz on Paraguay's withdrawal from Urupabol's integration process.

Observers have noted that Urupabol has never achieved major progress and that it is confronted with the consequences of the bloody Chaco war waged between Paraguay and Bolivia from 1932 to 1935 which ended with a Bolvian military defeat.

Observers have noted that there has never been a regular exchange of trade between Bolivia and Paraguay.

A Paraguayan diplomat told AFP that Uruguay, Paraguay and Bolivia made up an association made up of poor countries with a weak political structure, and that the organ did not have any major influence on the regional integration process which is being carried out on the South American Continent.

Although Urupabol was an organ of an economic nature, it is obvious that it was influenced by political factors, which has caused it to virtually disappear.

Urupabol has broken up just 1 or 2 years after its charter was signed in Asuncion during a ministerial meeting. Observers have agreed that the Bolivian arms buildup has had an adverse effect on the Urupabol process, at least from the Paraguayan standpoint.

Urupabol worked exclusively within the sphere of the River Plate Basin, and Bolivia is the only Andean country that is also a member of the River Plate Basin, the others being Argentina, Brazil, Uruguay and Paraguay. For the time being it is impossible to say whether the Paraguayan decision regarding Urupabol will have any effect within the River Plate Basin, since political decisions might harm the regional integration process.

Ambassador Unaware of Break Up

PY011907 Montevideo Radio El Espectador Network in Spanish 1600 GMT 1 Sep 82

[Text] Paraguayan Ambassador Miguel Teofilo Romero has told El Espectador that the Paraguayan Embassy is officially unaware of the Paraguayan withdrawal from Urupabol (Permanent Joint Commission of Uruguay, Paraguay and Bolivia). The ambassador said he was surprised at the reports datelined Asuncion.

[Begin Romero recording] Well, this is the first reference I have had. I have no official confirmation from my government. I am surprised because Urupabol is headquartered in Asuncion. Uruguayan (Santiago Antuna) is a very prestigious international official and is executive secretary of that regional agency. I recently travelled to Asuncion and I have nothing to report on this issue. [end recording]

[Question] Ambassador, in case the Paraguayan withdrawal is confirmed, do you think Urupabol should continue operating?

[Begin Romero recording] Well, I have the impression that efforts should continue. Uruguay, Bolivia and Paraguay have many reasons to join in the pursuit of their development and integration. Urupabol was born within the Inter-American Development Bank to represent these three countries at the regional level. The creation of a regional organization of this kind took shape and Urupabol's charter was drawn up. The charter foresees trilateral accords for some undertakings such as a joint river and sea merchant marine, or the integration of our airlines, or transportation projects.

I really knew nothing about my country's withdrawal. There are other agencies where our three countries work together, for example, the River Plate Basin, the River Plate financial fund, and the regular meeting of transport ministers of the southern zone. There are many organizations where we are together and where we will continue to be together. I hope that even in case Paraguay withdraws from Urupabol, that step will in no way impair the very good relations we have with Bolivia. [end recording]

POLICE REFUSE TO BRING PRISONER BEFORE COURT

PY011647 Asuncion ABC COLOR in Spanish 1 Sep 82 p 9

[Excerpts] For the third time the metropolitan police have refused to bring this newspaper's correspondent, Ramon Santiago Moreno, before the Supreme Court. The court received no explanation as to why the prisoner did not appear in court to recover his freedom if he is entitled to it. Moreno has been held incommunicado at the investigations department ever since his arrest on 17 August. So far no official information has been released through the appropriate channels concerning the reasons for holding Moreno on police premises.

PAPER PRAISES ENDERS' ADDRESS ON FALKLANDS

PY010409 Lima EL COMERCIO in Spanish 25 Aug 82 p 2

[Editorial: "The U.S. Self-Criticism"]

[Text] As in all conflicts, the Malvinas crisis has uncovered the vulnerability of things which had been taken for granted and which had not been tested. This was the case with the strength of inter-American relations, which for many years had been the object of rhetoric and effusive expressions rather than of an in-depth and careful analysis. The U.S. attitude has raised strong criticisms against it, and as was to be expected, there were those who thought that everything the continent had achieved in 50 years regarding cooperation ties and agreement on common interests had been destroyed.

The excitement experienced at the beginning of the conflict has given way to meditation, not only in Latin America, but in the United States as well. In this regard, the self-criticism by Thomas Enders, assistant secretary of state for inter-American affairs, before the House of Representatives Subcommittee on Inter-American Affairs is especially significant. Enders' important and useful speech shows a sincere concern which ought to be underscored. Enders was precise; he expressed his conviction about the successful U.S. taking of positions, but as the same time pointed out all the negative aspects of the U.S. decision, which in our opinion was a mistaken one. Moreover, above and beyond a mere self-criticism, Enders referred to the search for solutions, which is the most important of all.

Enders said that the main point lies in preventing future wars on the continent, and that the United States ought not to promote an arms race, but rather a peaceful dialogue, which has never before been held. He noted that the regional conflicts ought to be prevented from being related to world strategies, and that it would be advisable to help Argentina and to promote a permanent understanding between Argentina and Great Britain on the basis of the principles contemplated in the UN Charter. Enders expressed his support for closer cooperation in the economic field. In his opinion, the conflict's main lesson does not lie in the fact that we need one another, but that in view of the fact that we are all closely linked we ought to turn this reality into a fruitful element benefitting everyone. We believe that this contention ought to be the rule to be followed in the future regarding U.S. relations with other countries, taking care that factors outside the hemisphere not break such a healthy principle.

TERRORISTS DESTROY COMMUNICATIONS STATION

PY012355 Buenos Aires LATIN in Spanish 1910 GMT 1 Sep 82

[Text] Lima, 1 Sep (LATIN-REUTER) -- The police reported today that presumed leftist Guerrilla members wounded three policemen and destroyed a communications relay station in the southeastern part of the country but that other attacks were aborted. The policemen were wounded when they tried to repel the attack of approximately 50 armed men yesterday near the city of Abancay. These men are believed to be members of the Maoist guerrilla group Shining Path.

The destruction of the communications station cut television and telephone communications with two provinces, the police added. It also reported that in Lima, which in addition to the mountainous region of Ayacucho is in a state of emergency due to the recent outbreak of violence, the extremists dynamited a power plant and a communications tower. The police said that there were no casualties but that there was minor damage. Other sabotage actions against power pylons, irrigation projects and a factory were aborted when police experts deactivated bombs. These incidents were the most recent examples of political violence which has taken the lives of more than 50 people during the year.

LOPEZ PORTILLO GIVES STATE OF THE NATION SPEECH

PA012100 Mexico City Domestic Service in Spanish 1703 GMT 1 Sep 82

[State of the nation speech by Mexican President Jose Lopez Portillo before the joint Congress, at the legislative Palace in Mexico City -- live; Please note 2-hour and 48-minute passage indistinct at end of speech.]

[Text] Honorable Congress of the union: I will now present my sixth government report to this renewed but identical (?sovereignty), which you citizen legislators represent [word indistinct] and its struggle legitimized through a permanent and (?unfailing) process which the people, the government and the organizations (?have established as a political reform).

Not without problems, we are learning to go from a government of [word indistinct] majorities to another which, in guaranteed fashion, will (?move in the same direction).

Recently, to culminate the amnesty law process, the last 40 persons (?to whom this norm was applicable) benefited from it. In this manner this norm fulfills its objectives as an important chapter of the political reform itself.

Radical dissent is no longer social disintegration but a possible integration of positions. Protest is no longer necessarily a synonym of violence and crime, but can be a directed and fertile questioning. The voice of dissatisfaction has come out of clandestinity and, once free, has multiplied, guaranteed as the right to information and respected as freedom of both expression and the press and, above all, as a guarantee for our mass communications media.

[Words indistinct] are open to meetings and public demonstrations of (?every ideology and on any issue or interest). There is dissent and discussion, and distinctions are made on the basis of respect and tolerance. That is democracy, and under it the people decide and cast their vote. They voted and here we are. Radical critics and new opponents are here now, opportunely, with voice, vote and authority. Welcome. The members of my party are also here. Receive an embrace of solidarity and a slogan; continue implementing revolutionary change from the [word indistinct], both in times of calm and during the storm.

Everything ends; everything begins. You new representatives of the people in the legislative branch today assume the responsibility of a new (?period). You will be able to turn your beliefs into decisions as a legitimate chance to serve for the good of the country.

For my part, I will deliver today my last address to the nation from this, its highest tribunal. Soon, the mandate that the people bestowed on me will come to an end and there will be a definitive termination to my public life. To this life I have given all my will and good faith in a desire to serve and be useful in the highly committed function of making executive decisions in the face of the occasionally dramatic alternatives that occur at difficult times. In the face of these alternatives one cannot choose a possible good but a viable lesser evil.

I will review our accomplishments with both their good and bad aspects. The last balance of our administration will be the work of [words indistinct]; the anguish in the face of it, will be my most intimate concern. In the end, however, a man's fate, image or individual prestige, or the luck that prosperity may furnish him with are of little consequence. The important thing is to save our common heritage [words indistinct]. And these, understood as his very own responsibility, as a renewal of points, principles, tasks and expectations for this great country, are embodied in the president-elect of the United States of Mexico, who is present here. For you, citizen Miguel de la Madrid Hurtado, my fraternal greeting and my wish that you may be able to fulfill the demanding responsibility of serving Mexico better than I.

You will rise to power [applause] at one of the most difficult times in contemporary world history. You have absolute and undisputed political legitimacy, but you will need the effective and permanent support of all Mexicans.

As for me, I will fulfill my duty of transferring my responsibility until the last day of my mandate [word indistinct] offer the best conditions possible to the new government so it can undertake its task. Let us do this for the good of all.

Now we can assert that the union's powers are the result of the political reform. I am not exaggerating the importance of this reform because I was its initiator. I recognize its importance because it was completely endorsed by the people and because it is open to a process of improvement.

[Words indistinct] we are advancing under democracy as the system of our national life. Few countries in the world can give such an example of plural wealth and electoral participation, as we did on 4 July this year. I am satisfied and proud, as all Mexicans who were both protagonists and witnesses should be. He who exercised his fundamental right, his simple right to vote, can rest assured that this right was respected and that the processes were fulfilled [words indistinct] which were legally resolved. All those legitimately certified are here. Those who could not be, are not here. The sterile dissatisfaction of those who, having had the chance, did not make it should not tarnish the victory of democracy. The people (?did not want them). We can understand the efforts at political survival by some of them. Let's not allow their [words indistinct].

Within the normal practice of implementing the political reform, most of the local and municipal [word indistinct] and congresses have been renewed on time and in due fashion. (?As is already known throughout the republic) the minorities have found expression and the passion that characterized their dissent has become institutional duty. Thus I affirm: The political reform was a structural [word indistinct] achievement.

The people's wisdom also led to acceptance of another grave but basic structural reform, perhaps the most highly committed that our nation has adopted (?as the ultimate goal) of our national project; reduction of the population increase during this 6-year period, the way we predicted, from 3.6 percent to 2.5 percent. The mortality rate has also declined in the past 5 years from 8.5 to 7.5 [percent], while life expectancy has risen from 64 to 70 years of age.

We agreed on the need to respect the will of the couple who want to control the number and age-spacing of their children. This was another important achievement which will not be abolished. If this decreasing trend continues, we hope to have about 100 million instead of 130 million Mexicans in the year 2000. This is a serious ethical decision as to quantity and quality, the standard of living, and social development, made impossible in the face of an uncontrolled birth rate, which is a contradiction in this civilized world.

Perhaps at this moment we do not realize the great importance, because it represents Mexico's future, of how many Mexicans there should be.

We have zealously guaranteed to foreigners who come to our country the broad freedom and rights contained in our laws. We have particularly maintained the right to asylum. We see how democratic measures are being increasingly curbed in other countries.

Together with the United Nations, we established the committee of aid to refugees. No Mexican is in asylum in any foreign embassy.

In this way we uphold our desire for peace and guarantee human rights to those who are being persecuted for their political beliefs. Here we not only respect them, we regard them as constitutional options for the Mexican people.

We are making a constant and systematic effort throughout our country to improve the functioning of the judicial branch, which is the people's voice in the administration of justice [word indistinct]. Its main function is to punish. A society is all the better when it has fewer occasions to resolve conflicts, controversies and injustices. Justice is all the more effective when society normally obeys laws. Punishment is [word indistinct]

Now the functions of the judicial branch and its effective work have a new look. It has been humanized. Those in charge of this branch have had the invaluable cooperation of citizens as never before. This will continue in the future. This was an attainment in o rocess.

In the year 1982, our armed institutions on land and sea are increasingly professional, modern, and efficient. Throughout these 6 years that I have worked with them, I have seen with satisfaction that they have had substantial, progressive, and constant improvement. It is amazing to see how much has been done with the assigned budgets, which have been handled not only with honesty, but with imagination and creativity. We have attained levels of high quality with incredibly low budgets. There is increasing improvement in equipment, uniforms, and intellectual and physical preparation, above the already excellent conditions existing in our military forces. In the face of the challenges of expanding economic and fishing activities and of shipbuilding, our sailors have responded well.

Our armed forces have aided the civilian population in case of national need, not only with a smile, but at the risk of their lives. An example of this is the army patrol covered by the ashes of the Chichonal volcano, whose eruption created unprecedented situations which the army was able to cope with through its great adaptability. Our profound gratitude goes to their bravery and efficiency, which extends not only to the operations during disasters, but also to help in national progress, which could not be attained without the support of the armed forces.

We must also mention the struggle against the production of and trafficking in drugs; this campaign against drugs has become an unparalleled example throughout the world. We have been able to say this every year; it ould be a shame if a year were to come in which we could say it.

I can affirm that we now have armed forces which are fed by and feed our institutions. They help to maintain public order. They are the undeniable result of true development and the institutional loyalty of their members. Their responsibility is national security and they are not receptive to operations directed from abroad. They loyally and efficiently do their duty. They are emotionally involved in their commitments, and fulfill their tasks. Our military and naval institutes are an unquestionable achievement of our republic. I express my great gratitude for their loyalty, generosity and patriotism. [applause]

The interdependence of the modern world is evident to all of you. The domestic problems faced by Mexico and all other countries, particularly the problems that are arising now, cannot be solved, cannot even be presented outside the international situation. The expenses caused by politics and economy are causing a pressure which sooner or later will affect everyone. The modern day economic world is experiencing the dismemberment of the system imposed by the problems caused by those who started World War II [word indistinct].

They maintain the force of their leadership, which is no longer effective. The order that justified this leadership, be it good or bad, no longer exists. After 20 years of stability, they themselves broke the discipline in a process of decay that started with the overpricing of the dollar as a currency exchange. Their problems with gold led to inflation. It became worse with competition, reaction, and reprisals, and is now expressed in the present monetary, financial, and commercial disorder, in which not even allies understand each other.

The economic differences between the rich countries of the North and the poor countries in the South are becoming worsened and more complicated, as we are tired of saying, with alternate ideological definitions in the power struggle between East and West which, particulately now, paints a gloomy outlook and is being radicalized.

Up to 1969, we lived in the years of detente. The two superpowers, although never friends, had reached several understandings, some explicit and some implicit, some in the political and some in the military field. The arms race never really stopped. However, the important 1972 agreements on antiballistic missiles, together with the lengthy SALT II talks, which were finally successful, gave us hope that the governments had finally realized what their people already knew; the certainty that peace can be achieved through disarmament and progress; and not through an unlimited arms race and recession.

The world was getting used to the benefits of 20 years of detente when suddenly, from one year to the next, the situation began to deteriorate speedily, to the extent that perhaps we are now experiencing the era of greatest tension, crisis, danger since the end of the war.

Rearmament is rampant and is sacrificing the world economic system. The areas of armed conflict have increased. All this affects all of us directly or indirectly. We cannot put our house in order, nor adopt correct decisions, when the international situation; outside our territory, complicates things for us and leads us to [word indistinct]. That is why my government decided to change from being a spectator obeying its principles and criteria, to an actor obeying a definite path of its own. In addition to merely expressing international guidelines which concern Mexico -- self-determination, peaceful solution of conflicts, nonintervention, banning of the use of force -- which are the traditional and basically defensive aspects of our foreign policy, we decided to adopt a [words indistinct] attitude instead of waiting passively to see the world decay.

This was the attitude best suited to Mexico's contemporary needs, and to the aspirations of our people. With the greatest pride, I assume the responsibility for that choice. Almost 6 years later, I can proudly say that Mexico's voice, which has always been listened to and respected, was the cornerstone of the active hope of right in international affairs. We pay the cost and consequences. It is worth it considering that countries [words indistinct]. [applause]

Throughout these years we have given strong support to the United Nations because, although it is not perfect, it is the best legal and political instrument that mankind has for use, both in maintaining peace and in establishing cooperation among nations. In this way we are continuing the struggle that began with the former government to establish a new and more just international economic order. At the United Nations, we launched two great initiatives related to subjects of vital importance for mankind. The first initiative, the world energy plan, 1979, introduces the concept of rationalizing the production, distribution and consumption of energy in preparation for the orderly transition between mankind's two energy [word indistinct].

Today, when conditions have changed, the world energy plan takes on new meaning, given the disorder in prices, the abandonment of programs for the development of alternate energy sources, agreements made by consumer and producer [words indistinct] protection for the less-developed countries.

The other initiatives presented by my government was the Cancun meeting of 22 heads of state from representative North and South governments to discuss economic relations between the two [word indistinct] of the world and to stress the political desire of their peoples to render these relations more just. Although the meeting produced important achievements, I must admit that the consensus reached was not [word indistinct]. Despite the intransigence of some of the countries of the North, it was demonstrated that dialogue is possible and advisable, that not all meetings between North and South end in confrontation and that the spirit of Cancun, the spirit and the sense of responsibility, could exist in negotiations.

This achievement has left its traces. The recent agreement reached by the seven great industrialized countries at the Versailles meeting on the start of international negotiations, and the rapprochement between India and the United States are results of this Cancun spirit.

Mexico, a border country, was able to get the North and South together without confrontation and polarization. It demonstrated and strengthened its active presence in today's world as an interlocutor that is accepted and respected by all. We want to emphasize, before this sovereign nation, that with these initiatives we seek solutions, externally, that we cannot find domestically to the problems that we are experiencing, monetary, financial, trade, and technological. We do not stand with our arms crossed; (?we seek a solution).

Another clear demonstration of our new dynamic attitude is the election to and participation in the UN Security Council. Even though Mexico was asked to participate on several occasions, it has refused to accept candidacy since 1946, because this involved risks. Certainly, active participation at the council carries with it the possibility of serious rifts with other states, but it also offers the opportunity to defend just causes, to present [word indistinct] proposals and, above all, to validate and support principles rather than countries. During the 2 years of our mandate, [words indistinct] our participation was characterized by independence and seriousness.

Mexico is proud of having actively participated in drafting the Law of the Sea Convention, which can be considered as the expression of an international right by those with knowledge of the subject and which will be open to the signatures of [word indistinct].

Within the framework of strengthening our presence at the United Nations, our government decided to sign and ratify seven treaties on human rights, some were UN treaties and others were OAS treaties, some of which had been awaiting signature for almost 20 years. By ratifying these treaties, the Mexican Government binds itself, not only before its people but before the community of nations, to a respect for human rights, as provided in the treaties. By requesting the approval of the Senate for them and emphasizing their political significance, it has made these treaties true complements to the political reforms that we are currently carrying out.

Although the OAS is not functioning adequately to maintain peace and to promote international cooperation, my administration has supported it because it represents a forum at which, in my opinion, the Latin American countries can negotiate, not bilaterally, but jointly with the United States.

We also wanted to reorient our foreign policy toward an area that is both decisive and vital for us; Central America and the Caribbean. The nations that comprise this area are the closest to Mexico from all viewpoints. We knew that the political, economic and social situation of the countries in this region was explosive and that it, along with the (?ostracism) of Cuba, constituted a potential for tension with the United States that has unfortunately been manifested in regrettable incidents. Therefore, we tried to anticipate the crisis in both the political and the economic areas and we have had to effect conciliation for what at times seem irreconcilable issues. We must have good relations with the United States while, at the same time, we must postulate and develop our support for the noble causes of the developing world's peoples, especially those of the region that is closest to us and that is the most convulsed, Central America and the Carribean. How [word indistinct] it would have been had my government strengthened solidarity with our Central American and Caribbean brothers in their (?colossal) struggle, relegating our relations with the United States to a secondary position. However, what would that solidarity have been worth facing these difficulties and in dealing with the serious crisis that Mexico would face by living in a constant and weakening confrontation with the North Americans? We could have devoted ourselves to improving our diplomatic, economic and commercial relations with our neighbor to the North, totally ignoring what happened to [words indistinct].

However, how could I have represented Mexico before the world if we had acted in such a way? And with what strength or sense of pride would we have been able to negotiate with the United States on the countless pending matters we have with them if we betrayed ourselves to such an extent? Taken separately, either of the two responsibilities are easy to assume. It is difficult and, at the same time, imperative to fulfill both simultaneously. We have tried to do so through respect for the law and through the recognition of the ability to honestly and and openly disagree with a friend. [words indistinct] Central America, [words indistinct] the small and fragile economics of the area's countries, worn down by the lack of international understanding, require significant cooperation without political discrimination.

We have been consistent with this, as best as we could. The San Jose agreement, which we signed with Venezuela, has withstood the passage of time and the burden of the crisis. Mexico's assistance in this field to the area's countries totalled $700 million between 1980 and 1982. In yearly terms, (?this amount) is identical to the proposed U.S. assistance plan for the Caribbean Basin and yet the capacity and position of the two economics cannot be compared.

Despite the crisis, we are keeping our commitments alive, because we want to tell the world -- and not with words, but with exemplary deeds -- that one can support the development of the weak without abusing their situation, without submitting them to the humiliation of accepting intervention or ideological [word indistinct] that, with dignity and respect, one can help to resolve the inequalities and injustices, without seeking gratitude. Mexico has said this [words indistinct] with another Latin American country, Venezuela, which, like everyone, has problems, faces its commitments and would like to see all of humankind committed in the same way. We treat others as we wish to be treated. That is the basis for our moral authority in facing arrogance. [applause]

In good times and in bad, we have remained at the side of our Nicaraguan brothers. [applause] Their government, supported by their people, has fulfilled its commitments. We have also fulfilled our commitments to them, supporting them as much as possible, thus fulfilling our commitment to ourselves as well. Today, when misunderstanding, blindness and the (?arbitary use) of force hound that small and sacrificed nation, Mexico is proud to be able to say, with reason and right, that Nicaragua must solve its own problems. Don't let it be besieged by economic pressures that threatened with armed intervention by artificial dissidents. There are reasonable and honorable alternatives. Leave it alone. To paraphrase Lincoln, I insist that no country is so good that it can intervene in another without its content. [applause]

Together with the French Government, we tried to promote a negotiated solution in the case of El Salvador, in order to end the bloodshed. Today, when it is already evident that no other solution is feasible, our proposal grows even more realistic and has become a call of alarm. If there is no negotiation, there can, soon, very soon, be a regionalization of war; this must be prevented.

In regard to Cuba, we developed the dignified policy that Mexico has been implementing for the last 20 years. We rejected isolation and strengthened the ties that historically link us to those heroic people. Since 1980, we have carried out secret efforts, seeking the end of the absurd silence that prevails between the great nations that are separated by only 150 km of the Caribbean.

We have also warned, however, that greatness is not equivalent to either force or size and that the differences between Cuba and the United States make reciprocal restraint and responsibility obligatory. Neither threats, ostracism or the refusal to accept a reality that has existed for 23 years are in keeping with the U.S. people's beautiful tradition of freedom and tolerance.

We insisted time and again, and we will always insist, on the reasonable (?possibility) of easing tension in the area as prerequisite to solving all other problems.

This explains the peace proposal that we made in Managua in February of this year. It is evident to all that the (?alternative) to negotiation was and is regional war. Once again we tried to act before events occur. We assumed our obligation of doing everything possible to avert the disaster. We diagnosed the focal points of tension. We proposed solutions and channels of communication and we undertook the necessary actions to establish dialogue among the different parties.

In this way, Mexico was properly fulfilling its role as communicator, as an initiator of contacts and as a clarifier of the respective positions. However, Mexico cannot negotiate on behalf of the parties, nor can it force them to undertake negotiations that, in their view, are not in line with their interests.

The first results of the Managua plan are relative. Though (?contacts) were achieved, they have not turned into negotiations to date. Nevertheless, a more substantial analysis reveals something of unquestionable importance. No one can ever reproach Mexico for not doing everything possible to avoid the cataclysm. No one can ever deny that Mexico won time for a peaceful solution and for a clarification of positions. Above all, it has been made clear to the world that there was and is an alternative to war in the region if imagination is used and if there is a desire to prevent it. Let each take on his own responsibilities. Mexico has assumed its responsibilities. [applause]

Now and (?from here), when neighbors and brothers seem to fall into the provoked weakness of force, we exhort them to reconciliation and harmony. Central American brothers, do not fall in the violent solution of artificial differences that, strictly speaking, are not our differences but those of hegemonic dichotomies. Identical youths should not kill each other; don't let the nobility of our Latin American [word indistinct] be stained. [applause]

Our policy toward Central America and the Caribbean is not limited, however, to [word indistinct] countries. With Costa Rica, these relations encompass all fields, especially economic cooperation. Since 1977 we have decidedly supported Panama's legitimate struggle to establish its sovereignty over the Panama Canal. In October 1979, when we spoke on behalf of the Latin American heads of state, we received thanks for our traditional Mexican policy. We firmly defended the Belizean people's right to self-determination, and once they attained independence we initiated an economic cooperation program that we hope will [words indistinct].

Mexico regards the maintenance of good relations with the United States as the cornerstone of its foreign policy. This is a matter of reality and not of choice or whims. However, there cannot be good relations with the United States if they are not based on respect from the start. To the extent that there has been mutual respect during my administration, I can say that the 6 year balance of our relations with the United States is positive, overall, because we maintained the necessary and indispensable balance among the economic, political, and border factors -- and the latter is important because of our countrymen who live and work north of the Rio Bravo, our cooperation in fighting drug trafficking and the problems of contraband.

As for the commercial aspect, we saw the effects of our [words indistinct] we import a lot and they wanted to export more to us. We export a lot, but they insisted that we export differently [words indistinct]. Mexico is already one of the most developed countries among the developing nations. We wish to continue to be treated as a developing country [words indistinct] the United States wants to treat us as if we were no longer an underdeveloped economy, and it lacks no arguments in this regard.

The overall group of elements in our economic relations with the United States -- the tuna issue, the compensatory taxes, the tariff restrictions, the (?Gatt - supra) relations -- come within a framework of [words indistinct]. We negotiated what was negotiable, without making great progress but without (?suffering painful defeats). As long as we don't have much success in the diversification of our relations with other countries, there won't be much room to advance in the economic and bilateral sphere. These are the realities, comrades, [words indistinct].

Within the political sphere, in contrast, we obtained a change in relations, the importance of which was not always duly [words indistinct]. We can't hide the great importance of a particular fact: For the first time in history, Mexico has become an interlocutor and adviser (?sought) by the United States in matters that are not purely bilateral. At the UN Security Council, when the Central American and Caribbean situation was discussed; more recently, during the Malvinas conflict; and lately, in terms of international negotiations, Mexico diverges, converges and, above all, negotiates with the United States on a path of dignity, respect and friendship. This never occurred before.

In terms of the Mexicans who emigrate to the North in search of jobs -- which, despite our advances, we cannot offer them in their own homeland -- we achieve (?the essential). We are not lending ourselves to any plan that would restrict the constitutional right of all citizens to transit through or leave Mexico. There is no [word indistinct] here. The presence of undocumented workers in the United States is a problem that demands [words indistinct]. (?The problem that we must solve) is to grant jobs and to respect our compatriots' human and labor rights. As long as they must emigrate, we will never agree to patrol our borders.

During this 6-year period, we have increased our diplomatic relations considerably. We have diplomatic relations with 140 countries, on all continents. In this context, the most noticeable change was the reestablishment of diplomatic relations with Spain in 1977, which resulted in a dramatic flourishing in (?cultural), (?commercial), economic and human relations between our two countries. We can congratulate ourselves on this.

In terms of agreement, we supported and were supported by socialist countries in initiatives for peace and development, a fact that will strengthen us. We have established comprehensive cooperative plans with Brazil, Canada, Spain, France, Japan and Sweden that take into account, integrally and simultaneously, aspects of [words indistinct] and that are technologically complementary, jointly with trade and financial relations [words indistinct] mutually beneficial to our association and to the economic development of mankind. This process has been successful, helping us considerably during the difficult days when oil prices suddenly dropped.

The international outlook for 1982 is not what the peoples of the world seek. The detente and the relative prosperity characterizing the previous decade have been (?critically) replaced in both East-West and North-South [words indistinct]. Inevitably, Mexico is suffering the effects of this tragic situation, which already seems to escape [words indistinct]. If we [words indistinct] avoid the international crisis affecting the world, we are facing it with the serenity and the trust that derive from Mexico's position in the community of nations. It is a worthy achievement to have been able to face this critical international situation under the best possible conditions; our traditions, innovation, respect, prestige, (?coexistence) and imagination, and a people who are supportive and principles that are obliging.

We believe, and we are paraphrasing the philosopher, that it is neither rational nor ethical to accept a world in which there are countries so rich and powerful that they can use their wealth to buy or their force to dominate countries that are so weak that they agree to sell themselves or that can be crushed arbitrarily and violently. Over this cruel and unacceptable dichotomy lies the superior alternatives of law and reason. We believe in them. The place that Mexico occupies in the world today is dignified and secure and is one of the greatest sources of pride for my administration. [applause]

Before referring to the country's current economic situation, (?in what is an obvious reiteration), I will ask this sovereign body (?to examine) the annexes in which I (?complement this) report, which provide further details and break down the figures and statistics for the various sectors of economic (?and social) activity. In order to avoid confusion, I will mention only those figures that illustrate certain concepts. All of these figures can be verified. There may be some errors, but no falsehoods.

I will now refer to what undoubtedly constitutes the most controversial topic of all; economic policy. [words indistinct] in the most direct manner I ask those (?with good sense) to listen to us, for neither better nor worse. I have not come here to sell lost paradises or to look for historical indulgences. In all intellectual honesty, I have come to fulfill an (?elemental) and [word indistinct] commitment; telling (?my) truth is my obligation, but also my right. We have neither won nor lost everything. A country like ours [words indistinct] its destiny at a juncture, even if it has been created by the world's powerful. I will be objective. I wish to refer to all of those issues that are in our consciences, that are part of our interests or that are merely circulating in the street. I want to answer all of them, because I am obliged to all of them and I acknowledge all of them -- the simple people's clean questions; the shouts of those who until recently were applauding; the reproaches of those who don't want to [word indistinct] anything but who were launching fireworks a short time ago; those who want to continue to profit from the country's risk, while sheltered by distrust; the pontiffs' monologues; those who backed out on me; the doubts voiced by friends; the condemnations by gratuitous enemies, since I have neither hurt nor offended anyone from my position of power; and, above all, our good people, who still applaud and smile when the president goes by.

I will (?mention) my (?decisions) in order to [words indistinct] and so that all of us can try to remember or understand the moment when man, country and circumstance (?came together). It is useful for everyone to engage in collective analysis and to face the profound truth. This truth can later serve as the foundation for corrective action marked by solidarity instead of serving as the basis for evasion, the immolation of someone else as a means of appeasing the conscience, a justification for the lack of solidarity, an excuse for selfishness or relief from contraditions, identity problems or even loyalty.

It is evident that short-term financial problems are now predominant in the nation's attention. (?This is inevitable, but insufficient). Daily developments confuse us. This is why it is advisable to remember, serenely, calmly and without vain posturing, what we intended to do, what we actually accomplished, how far we advanced and what we failed to achieve.

In the face of the country's situation at the outset of my administration, its international context and the prospects for its future development, we decided, once the economy had been restored, to shoot for rapid economic growth, in order to stimulate job opportunities. This is a developing country's only formula for satisfying its people's basic needs and the major way to begin the process of justly distributing its (?revenues). There is no other (?solution). This (?implied) [word indistinct] for the first time in our history, a (?total) plan promoting rapid economic expansion by taking advantage of all favorable circumstances. This is because, in Mexico, opportunity and time have a different dimension than in the wealthy countries. We must jump ahead. The international current against the weak is too strong to swim slowly; we would be retrogressing. And we jumped vigorously. We grew. That is a fact. We should not forget that. A jump involves risks, which we are now confronting. Allowing ourselves to be pulled back by the current would have involved other risks. We would have (?paid for these risks). [Words indistinct]. It is evident that economic growth is not a synonym for economic development, yet is it important not to make the opposite mistake, that of supposing that it is possible to achieve social development without economic growth and the (?creation) of jobs. [Passage indistinct] to have chosen, as many countries did, a policy of economic [word indistinct] with the idea of sheltering ourselves from the attacks of [words indistinct], which we have been suffering for more than [words indistinct]. The experience of those that did this has demonstrated that it would have been a fruitless sacrifice; unemployment, recession, political (?weakness), increasing dependence [words indistinct]. What we Mexicans have before our eyes today gives us an idea of what this sacrifice would have meant.

Our problems would have continued, but the material, social and political changes that we have achieved, which are the real basis of the country's future and the point of support [words indistinct]. Curbing investment would have implied [words indistinct]. The course that we followed allowed us to advance in the shadow of growth and social justice, despite the cost that the great majority of countries had to pay all the same, even those that did not advance. We did advance. Like all of the others, we now have serious financial problems and a big (?deficit). But as few of them did, we took advantage of opportunity, launched ourselves toward progress and went on changing [words indistinct]. Perhaps the difference lies in the fact that we Mexicans are not yet used to understanding the connection that a country as large as Mexico must necessarily have to world phenomena. Not only do we close the circle of responsibilities, but we short the circuit of understanding by what we don't understand or [words indistinct] out of political or ideological convenience, [words indistinct], we issue a guilty sentence against the government, thus burning the resistance. This turns our lights off. We gain nothing from hunting official witches. However, we do gain a lot by acquiring greater awareness and assuming our responsibilities in a gesture of solidarity. [2-hour and 48-minute passage indistinct]

NOTIMEX Summarizes Speech

FL012338 Mexico City NOTIMEX in Spanish 2125 GMT 1 Sep 82

[Text] Mexico City, 1 Sep (NOTIMEX) -- President Jose Lopez Portillo today delivered his sixth and last state of the union address in Congress before the members of the 52D Legislature.

The president noted that the legislators represented the ideological forces of our national pluralism. We are learning to move from a government of absolute majorities to one in which the participation of the minorities is guaranteed, but this process is not without problems, Lopez Portillo said.

He said that recently, in the culmination of the process of the amnesty law, the last 40 persons had been amnestied. Radical dissidence, he explained, no longer meant social dissolution but the chance to integrate the opposition. The president said that protest was no longer synonymous with violence and crime, that nonconformity has emerged from the shadows, that the streets were open to rallies and demonstrations and dissent and discussion were carried out in respect and tolerance.

For my part, I shall fulfill my untransferable responsibility until the last day of my term. Let us provide the new government with the best possible conditions to undertake its task. Let us do it for the good of all.

After asserting that the political reform had been an irreversible organizational achievement, the president said that during his 6-year term, population growth has dropped from 3.6 percent to only 2.5, while mortality has decreased in the last 5 years from 8.5 to 7.5 percent.

Speaking of foreigners who enjoy the freedom and rights guaranteed by our laws, he explained: We thus follow our calling for peace to guarantee the human rights of those who suffer persecution for their political convictions. We do not only respect them here, we view them as institutional options for the people of Mexico; here they are.

Lopez Portillo said that the behavior of the people who worked in law enforcement had become more humane to implement the axiom that a society is the healthier the less it is forced to resort to the government to settle conflicts and disagreements. [as received]

As to the armed forces, he said that military and naval institutions were an irreversible achievement of the country. Our gratitude goes to their heroism and efficiency not only in times of crisis but also in the construction of national progress.

In the foreign policy part of his report, the president said that the world at present was experiencing the collapse of the economic system imposed by the winners of the World War II who arranged the world to their image and convenience. They have retained the strength of leadership but it is no longer effective.

It is clear that we cannot set things right at home or make accurate decisions when foreign currents outside our control are pushing us, carrying us or stopping us, he said.

That is why my government agreed to move from being a spectator made prestigious by its principles and fine criteria to being an actor with a role defined by its own actions.

He reported that the country gave strong support to the United Nations, continuing the struggle nobly initiated by the previous government for the establishment of a new and more just international economic order. He said that Mexico had promoted a world energy plan at the United Nations in addition to the meeting in Cancun of 22 heads of state and government representing the North and South.

Speaking of the OAS, the president said that although it did not adequately maintain peace and foment international cooperation, it had been supported because it represented a forum in which Latin American nations sometimes could negotiate as one with the United States.

He said that Mexico had paid a good deal of attention to Central America and the Caribbean because the ntions in this area were the closest to Mexico from all viewpoints.

The president spoke of the value of the San Jose agreement to facilitate oil to the nations of the area and said that in the specific case of Nicaragua, it had to solve its problems on its own. Do not burden it further with economic pressures or threaten it with bogus armed interventions, he said.

He repeated the need to accept the proposals made by Mexico and France for a negotiated solution in El Salvador and warned that if there is no such solution, the conflict might too soon spread throughout the region.

For Mexico, the observance of good relations with the United States is a cornerstone of its foreign policy. It is a matter of reality, not one of likes or whims. But there cannot be good relations with the United States if they are not based on respect, first of all.

Lopez Portillo discussed what he called the most controversial of issues: the economic policy. In this regard he noted that at the beginning of his administration, and once a recovery of the economy had been achieved, an economic growth was sought to provide more job opportunities since it was the only way in which a developing country could meet the basic needs of its people and mainly achieve an equal distribution of income.

The president noted that Mexico, like many other countries, could have implemented a more restrictive economic policy. But he said that experience had shown that this would have been a useless sacrifice. He said that like everybody else we were now confronting financial problems. Therefore, we had a great duty to full. But unlike many we were taking advantage of this situation by striving to achieve development since we had enormous resources.

The president analyzed the prevailing international situation at a time when the international price of oil was used as a strategic tool to achieve development with [economic] independence and justice. [as received]

He said: There was oil which was the only way to achieve development with [economic] independence and justice, since the history of the last decade shows that only oil, the transnational companies and fiscal heavens [as received] enabled the accelerated growth of developing countries. But he said that it was obvious that this was not the case of Mexico and to resign ourselves to no growth was suicidal.

Lopez Portillo said that emphasis on agriculture and basic products, on industry, production of machinery and equipment -- transformation of the economic structure that provides more job opportunities -- leads to a better standard of living, a decreasing number of unemployed; and that all this gave a new thrust to the economy.

After noting that the international productive structure has increasingly subjected to an unjust and obsolete financial situation, he said that Mexico refused to take two paths that were contary to its ideals of social justice; accepting GATT and reducing to the maximum its government expenditures, since this would result in a reduction of its social programs.

The president added: Without yielding in our self-determination, we continued with our national project. We resisted all pressures. An now we have to pay the price. We have to make a halt in our undertaking, but we are certain to have achieved a production capacity and a respectable position at the international level.

He said: Because of matters concerning social justice and national sovereignty, we were prompted to grant priority to the production of foodstuffs. He added that the results achieved have been successful and amply justify our decision.

Lopez Portillo reported that Mexico was able to achieve self-sufficiency in maize, beans and rice, and that there was also a record wheat harvest. He said that now the country had reserve of grains unprecedented in its history.

Regarding education, Lopez Portillo said that elementary education had been given to all Mexican children, while 90 percent of those who graduated from primary education levels went on to secondary education.

The president also revieved his administration's policy regarding the support for a minimum wage. He noted efforts made to keep, for a period, subsidies on the prices of bread, tortillas and other staples.

Regarding medical attention, he said: Six years ago, only 60 percent of Mexicans had access to medical treatment. Today, 85 percent of the population, that is, almost 60 million Mexicans, have access to medical treatment at the national health centers.

In his address, Lopez Portillo said: We have multiplied by 87 percent those resources assigned to neglected rural areas. In so doing, we have been able to provide minimum goods to millions of fellow Mexicans who before had had no hope of having them.

He noted that national economic growth surpassed by 60 percent that of the world economy and by approximately 20 percent those of developing and socialist countries, while it was practically double that of developed countries.

It is worth noting that Mexico's industrial production is three times that of all Middle East oil exporting countries, that is, Mexico is the only developing country that can ligitimately claim to be defined as a semi-industrialized country, and also an important oil exporting country.

He added: At present, Mexico has the tenth highest GDP among non-socialist countries produced by its manufacturing industry.

The president compared the foreign debt with exports and with the GDP and said that althought Mexico's foreign debt used to be higher than that of other developing non-oil-producing countries, it is now lower.

In other words, it can be said that during the period of high foreign debt, national production was also high, since there was a rapid increase in production, contrary to what happened in the majority of developing countries. But these conditions escaped our controls; they were unexpected and they resulted in a complete and sudden change of the situation.

Regarding what he called the dark side, Lopez Portillo noted that his administration assumes the responsibility for the domestic and foreign contradictions which have suddenly affected the overall national plan and the different national sectors.

After noting the causes, the president said: All these factors; high foreign interest rates which of course affect domestic interest rates; a decrease in the price of resources; an increase in imports; a decrease in exports; a decrease in tourism; an increase of Mexican tourists abroad; have deeply affected our economy.

In this regard he noted: ...The increasing foreign currency that the public sector needed to pay its imports and debts, and that private individuals, banks and companies needed in order to take their capital out of the country or to change their Mexican pesos into dollars forced the government to request foreign credit to counteract such pressures.

In February of this year, despite all our institutional efforts and persuasion, the attack against our peso was brutal. Our dollar reserves to pay for important things ran the risk of dropping to dangerous levels.

On 7 February we decided to withdraw the Bank of Mexico from the foreign exchange market. The peso was steeply devalued, abruptly interrupting a process of national growth unparalleled in our history.

Further on, the chief executive said: This is a crisis different from that of 1976. That one was the grand finale of an exhausted strategy. The present one, that of 1982, emerges shortly after the beginning of a new strategy of growth whose success cannot be denied despite the haste and excess. The Mexican economy is today not only more extensive but also instrinsically stronger than 6 years ago.

Referring to the measures taken on 5 August, Lopez Portillo said that an attempt was made to prevent the mexdollars [as received] deposited in Mexico from being transferred abroad. Abroad, we explained Mexico's cash problem and we obtained dollars by increasing oil sales to the United States.

Lopez Portillo then reiterated the state's leadership role in the nation's economy and denied that public spending and the economic policy were wasteful, inflationary and inefficient.

He noted that the state based its activity on comprehensive and sectorial programs that were part of succeeding administrations, and asserted that public spending was a vital tool for the state which made possible the redistribution of income and guaranteed the country's progress.

He denied that the nation's economy depended too much on oil because, he made clear, if it had not been for oil we would never have obtained the foreign exchange that made it possible for us to diversify our productive structure.

However, he said that a large part of the foreign exchange obtained from oil and from the external debt was taken out of the country by some Mexicans and their banks under protection of misunderstood foreign exchange freedom.

Now, the president continued, we have decided to nationalize private banks and establish a generalized foreign exchange control to put it back at the direct service of the country.

The nationalization of banks, he explained, will enable us to more rationally handle interest rates and channel credit to strengthen productive enterprises without our currency competing artificially with the dollar -- speculation.

He stated that the nationalization of banks and the establishment of a foreign exchange control were contained in two decrees published today by the Official Gazette, which lists complementary measures.

President Lopez Portillo thanked his wife, children, family, assistants and all those who provided solutions for having remained at his side during the last 6 years, especially the people of Mexico whose trust, he said, he had never betrayed. Let us make all the "I"'s one "we." That is still the answer, he said. We have not failed. They abused their freedom. We have plugged the leak.

NOTIMEX REPORTS DETAILS OF LOPEZ PORTILLO SPEECH

Foreign Policy Views

FL012215 Mexico City NOTIMEX in Spanish 1845 GMT 1 Sep 82

[Text] Mexico City, 1 Sep (NOTIMEX) -- In his sixth state of the union address, President Lopez Portillo today reasserted Mexico's peace proposal for Central America and the Caribbean and noted the need to avoid a violent solution [to this problem].

Regarding international policy, the Mexican president noted the need for achieving a meaningful international cooperation without making any political distinctions. Moreover, he warned that if a negotiated solution to the domestic conflict in El Salvador is not achieved, this conflict may spread to other countries in Central America.

Lopez Portillo also said that more contact between the United States and Cuba may lead to an easing of tension in the area, and that this may be the basis for resolving other problems.

Lopez Portillo noted that Mexico has always supported Nicaragua during both good and bad times. He stated that Nicaragua should resolve its problems by itself without any foreign economic or armed interventions.

The Mexican president said that in the peace plan he proposed in Managua last February it was made clear that the only other alternative to peace negotiations is a regional conflict. He said that Mexico had proposed these negotiations to try to avoid such a conflict.

He added that Mexico cannot carry out these negotiations for any party nor can it force any country to undertake negotiations if it believes they are not in keeping with their interests.

The president noted that the San Jose agreement is an example of unselfish international cooperation. Through this agreement, Mexico and Venezuela commit themselves to supply oil to Central American countries under favorable conditions.

Lopez Portillo said that although there can be no comparison between the Mexican and U.S. economies, Mexico is investing a total of $700 million in the San Jose agreement while the United States is assigning the same amount to its Caribbean aid program.

He added that the overall balance of U.S.-Mexican relations is positive. In this regard, the president noted that for the first time the U.S. Government has sought out and accepted Mexico as a valid interlocutor for issues that did not strictly concern bilateral matters. He noted that Mexico dissents, agrees, and above all negotiates with the United States on a dignified, respectful and friendly basis, something which has never happened before.

Moreover, he mentioned intiatives undertaken to achieve an international energy plan and for holding a summit meeting in Cancun in October 1981.

Regarding the international energy plan, Lopez Portillo noted that in view of present conditions there is renewed interest in this plan and particularly because of unstable prices, inflation, recession, dropping of alternative programs, short-signted agreements between producers and consumers, the lack of discipline of the latter, and the helplessness of developing countries.

Regarding the Cancun summit, Lopez Portillo noted that the fact that it was held is in itself a success. He added that although the goal that was sought was not fully achieved, the summit showed that there can be a dialogue between developed and developing countries.

Pemex Production

FL011843 Mexico City NOTIMEX in Spanish 1820 GMT 1 Sep 82

[Text] Mexico City, 1 Sep (NOTIMEX) -- Mexico's oil average production in 1982 will amount to approximately 500,000 barrels daily with an income of $14 billion, President Jose Lopez Portillo asserted today in his government report.

The chief of state said Pemex's program of investments in petrochemistry and oil for the period 1977 to 1981 amounted to $27 billion, equivalent to nearly times the cost of the U.S. Columbia space program over the past 10 years.

The head of state noted that Mexico had made an effort in recent years, without equal in the world, by increasing its national oil production from 300,000 barrels daily in 1976 to 2.3 millions in 1982.

He said that in 1977 oil production represented 1.8 percent of the world total, and in 1981 it increased 4.4 percent, while the gas production had doubled from 2.1 billion cubic feet in 1976 to 4.3 billions in 1982, 98 percent of it being used inasmuch as it is neither being burned on land nor at sea since 5 years ago.

In petrochemistry, the installed capacity was raised from 4 million tons in 1976 to 14 million tons this year. During the same period of time, operations have begun at 23 petrochemistry plants and 21 support units.

Banks Nationalization

FL012232 Mexico City NOTIMEX in Spanish 1915 GMT 1 Sep 82

[Text] Mexico City, 1 Sep (NOTIMEX) -- President Jose Lopez Portillo announced today the nationalization of private banks and the establishment of a general foreign exchange control, proposing that the Bank of Mexico become a public, decentralized body. It is now or never, we have been plundered but Mexico is not finished. They shall not plunder us again, Lopez Portillo said in the final part of his sixth and last state of the union address.

President Lopez Portillo explained that the nationalization of the banks ends concessions to private individuals in order to implement direct service to the nation. Not only is an intermediary being eliminated but also an instrument that has more than proved its lack of support for the country's interests and the production apparatus, he said.

The president explained that currency will not be affected in any way nor will the assets of the clients or the funds or trusteeships administered by the banks or deposits of valuables.

He said that foreign banks, their representatives, auxiliary credit organizations and the credit organizations and the Workers Bank are not subject to expropriation or any other action that might affect them.

He added that the banks will continue to function normally and that bank offices will be closed on Thursday and Friday simply for operational reasons and because of changes in the upper ranks of the affected institutions. He also said that bank services will return to normal on Monday, 6 September.

He asserted that the rights of bank workers will be respected and the old desire to set up a bank workers union might come to fruition as has happened in most of the rest of the world.

Lopez Portillo asserted that Mexican private banks had put their interests before those of the nation and had fomented, sponsored and even orchestrated speculation and the flight of capital.

With nationalization, we shall combat flagrant and institutionalized speculation. We shall remove from inflation the impact of the speculation we have been suffering solely because the profit margins of the banks and the demand for dollars were brutal, poisoning our economy, he continued.

Thus, if our currency does not have to artificially compete with the dollar -- speculation -- we will be able to handle the interest rates more rationally, channel credit and strengthen productive enterprises, he stated.

The president appealed to patriotism and understanding and said that the state will no longer be trapped by pressure groups. He said that some people, mainly those who live along the border, will be inconvenienced but we shall attend to the special needs of the border's economy and inhabitants, as well as the in-bond industries.

He said that the foreign exchange control would soon undergo changes and modifications and that this was new for a country bordering the most powerful economy on earth. It will probably be very hard for us.

He acknowledged that there will probably be corruption, but he said he trusted that we had the political talent and muscle to defend ourselves. We could do no different and still retain our dignity. We could not stand with our arms crossed while our entrails were being pulled out, he said.

Concerning the flight of foreign currency, Lopez Portillo said that the country could no longer allow dollars to go out of the country to pay for real estate acquired abroad. He proposed the establishment of a commission to study and find solutions to the problem.

He asserted that it would be advisable to have an interparliamentary meeting with U.S. legislators. How can we stop from exporting labor if the capital that could provide employment here is over there, he asked.

He called on those who made deposits or purchased real estate abroad to support their nation and to arrange with Mexican banks a way to return to the country's economy the resources that Mexico needed so much.

He emphasized that it was imperative for developing countries to prevent the flight of capital from further aggravating their economies, which were already in precarious condition because of the North-South relationship. He said that a system of compensation must be established before the existing economic order collapsed, so that countries with flight of capital might have access to some type of credit drawn from relative resources through some special capital recycling. [as received]

He rejected the idea that the country's present crisis could be explained solely in terms of the international situation. He said that no one should see in the nationalization of banks influences of political extremism. The state has never expropriated for the sake of expropriation; it has only done so in the public interest, he added.

AFP: LOPEZ PORTILLO ON BANK NATIONALIZATION

PA012136 Paris AFP in Spanish 1932 GMT 1 Sep 82

[By Ramon Lamoneda]

[Text] Mexico City, 1 Sep (AFP) -- Mexican President Jose Lopez Portillo today adopted what will virtually be the most important measures of his administration today by nationalizing private banks and establishing total foreign exchange control to confront a chaotic financial situation.

The chief of state, who will turn over power on 1 December to his successor, Miguel de la Madrid, announced his latest decisions in his last state of the nation report, which by constitutional mandate is broadcast every 1 September.

State control of banking institutions and foreign exchange control culminates a series of dramatic decisions which the Mexican Government was forced to take throughout the month of August -- a black August -- as a result of a lack of reserves to confront its colossal foreign debt of $80 billion.

The president, who began his term in December 1976, harshly blamed Mexican private banking for that situation, accusing it of having "postponed national interest and promoting, sponsoring and mechanizing speculation and flight of capital."

Before the congress plenary, Lopez Portillo combined his dual announcement with that of guarantees for national users of public banking services, foreign banking, which remains outside expropriation, and for the self-same nationalized institutions insofar as pertinent payment of indemnification is concerned.

The president also affirmed that both the nationalization and foreign exchange control permitted better programming "of what work and savings of the Mexicans, oil, other exports, and financing mean to us."

He declared himself convinced that these steps will permit the nation to benefit and strictly fulfill its national and international commitments, on the basis of importing what is necessary and only travelling as necessary.

"With these measures," he said, "we shall fight open and even institutionalized speculation and we shall eliminate from inflation the extensive impact of speculation which we have endured merely because the margins of banking mediation and the dollar demand were brutal and contaminated our economy."

The presidential report had been expected with unusual interest in view of the general unrest resulting from the crisis and of a wave of rumors in the past few days, as false as they were alarming.

Two days ago the situation even provoked a panicked stampede for staples following an anonymous call for a general consumers' strike scheduled for Tuesday, which was unsuccessful.

In view of the importance of the announcements contained in the report, its text was not released to the foreign press a few hours earlier, as is usually done, although it filtered out to some local media shortly before the president started to talk.

Lopez Portillo appealed to the citizens' partiotism and understanding, after admitting that the measures would involve many problems.

"But none as serious, "he said," as the guaranteed certainty that speculation will continue driving the country into a ruinous vortex. We shall rid ourselves of the perverse cycles that periodically empty our surpluses. The state will no longer be corralled by pressure groups."

The president denied that his government intends to start a witch hunt, but mentioned the possibility that measures will be adopted against those who took dollars out of Mexico to purchase property abroad, which the country, he said, can no longer permit.

In this respect, he placed at the disposal of congress figures and lists of what these operations mean and proposed the creation of a committee to study them and draw conclusions.

At the same time, however, he offered a 1-month period -- September, which in Mexico is the month of the fatherlands, when Independence Day is celebrated on the 16th -- for those who are "denationalized," as he called them, "to meditate and decide their loyalties."

GOVERNMENT DECREE CURBS INTERNAL USE OF DOLLAR

FL021200 Bridgetown CANA in English 1048 GMT 2 Sep 82

[Text] Mexico City, Sep 2, CANA-REUTER -- Mexico has declared the dollar illegal tender as it carries out sweeping economic measures to stem a massive flight of capital that has left the country virtually bankrupt. All private domestic banks were nationalised and stringent foreign exchange controls were imposed as part of the measures announced by President Jose Lopez Portillo in his annual state of the nation address yesterday.

A decree published in the Official Bulletin said all dollars coming into Mexico through normal international banking channels could only be withdrawn in pesos at a rate fixed by the Central Bank and all dollar accounts would eventually be phased out.

The decree, which comes into effect on Monday when the newly-nationalised banks reopen, was designed to halt the currency black market which has emerged in recent weeks.

Mexican companies have often used dollars in domestic transactions such as bank loans. The close relationship between Mexico and the United States has ensured the ready acceptance of the dollar throughout the country. The Official Bulletin said nationalised private banks would be paid compensation within 10 years.

BANK SHUT DOWN; LEFTISTS PRAISE PRESIDENT

PA021250 Buenos Aires LATIN in Spanish 0750 GMT 2 Sep 82

[By [name indistinct] Katigbak]

[Excerpts] Mexico City, 8 Sep (LATIN-REUTER) -- A complete bank shutdown went into effect today as part of drastic measures announced by President Jose Lopez Portillo which include the nationalization of all private banks and strict exchange controls.

The president announced the measures yesterday in his state of the nation message in an attempt to prevent the bankruptcy of the country, victim of a large flight of capital.

The first reaction of local banks was unbelief, and long lines began to form immediately in front of the machines that offer cash to those holding bank credit cards. Many businessmen said that they will not be able to pay their employees' weekly salaries on Friday because of the bank closure, which will last until Monday.

Carlos Abedrop, president of the Mexican Banks Association, described as unfair the charges made by the president, who said that private banks are responsible for encouraging the flight of capital.

Manuel Clouthier, president of the Mexican Council for Business Coordination, said that these drastic monetary measures are deplorable and that they should have been voted on in a national referendum.

The leftist opposition parties were pleased with the government measure. Arnoldo Martinez Verdugo, leader of Mexico's United Socialist Party, said: "All revolutionary and patriotic forces of the country should form a common front against any reactionary resistence to these measures."

Many Mexicans are worried that the cuts in public expenditures, imposed by the IMF, and the subsidies to staples prompt a general climate of unrest, especially among the needy and the unemployed, who make up the majority of the 70 million inhabitants in the country.

The decision to nationalize banks will affect 50 credit institutions whose assets amount to approximately [words indistinct] at the present exchange rates.

Banking sources states that the measure will greatly increase government control over the economy, because the banks have interests in many industrial sectors.

The bankers said that, based on the scarce details given on the future exchange controls, it is believed that the government will not permit the emergency operation of any kind of free market.

Support for Nationalization

PA021336 Mexico City International Service in Spanish 0200 GMT 2 Sep 82

[Text] Various sectors have expressed support for the measures announced by President Jose Lopez Portillo. The country's social and political forces will support the decisions adopted by the president, Government Secretary Enrique Olivares Santana said shortly after President Lopez Portillo finished his last state of the nation speech.

Jesus Silva Herzog, finance and public credit secretary, announced that in the next few days he will talk with the country's bankers to implement the operational changes resulting from the nationalization of the banks and the establishment of the general foreign exchange control.

National Defense Secretary Felix Galvan Lopez said that the country's armed forces are institutional and they support the measures decreed by the president today.

Hugo Margain, Federal District senator-elect and former finance secretary, said that from now on the profits derived from banking operations will have a social function and will serve to increase the redistribution of national wealth.

PRI President Pedro Ojeda Paullada said that the Congress already has the list of the Mexicans who took dollars out of the country and he promised that in due time the legislature will release it.

On their part, the United Socialist Party of Mexico and the Popular Socialist Party expressed support for the nationalization of private banks announced by President Lopez Portillo in his last state of the nation speech. This was also stated by Senator (Luis Jose Dorantes Segovia), president of the Labor Congress, and Ignacio Zuniga, official spokesman of the Confederation of Mexican Workers. (Dorantes Segovia) said that the (?unionization) of the bank workers, which was also announced by the Mexican president, will be a victory for the organized labor movement.

GOVERNMENT APPOINTS NEW BANK OF MEXICO DIRECTOR

FL021230 Mexico City NOTIMEX in Spanish 0230 GMT 2 Sep 82

[Text] Mexico City, 1 Sep (NOTIMEX) -- President Jose Lopez Portillo today appointed Carlos Tello Macias as director of the new public decentralized body to be known as Bank of Mexico. The General Coordination Office for Social Information of the Presidency of the Republic tonight announced the appointment of Tello Macias, who had been fulfilling the post of director general of the Financiera Nacional Azucarera, S.A.

Tello Macias' signature with his new post as director of the Bank of Mexico was affixed to the foot of the nationalization of banks decree published today.

EL SALVADOR

ARMY REPORTS END TO SAN VICENTE OPERATION

PA011705 San Salvador DIARIO LATINO in Spanish 30 Aug 82 pp 2, 18

[Excerpt] After carrying out a second stage of the cleanup and control operation in southeastern San Vicente, the Ramon Belloso, Atlacatl and other military units regrouped in their garrisons. Many casualties were inflicted on the guerrillas in the area covering San Vicente, surrounding the Lempa River and Chichontepec, because the army covered Tecoluca and the region where the Injiboa (sugar mill) operates. The military operation involved approximately 4,000 men and comprised more than 40 percent of San Vicente Department and part of La Paz Department.

More details of this second stage of the operation are still unknown. This second stage was intended to rid the long-suffering San Vicente Department of the damage that the guerrillas cause. According to unconfirmed reports, 47 guerrillas were killed in the first action, camps were destroyed, a bomb factory was dismantled and the chemicals used to make the bombs were seized.

GUERRILLAS ATTACK 'RADIO EL SALVADOR' RELAY

PA011910 San Salvador EL MUNDO in Spanish 30 Aug 82 p 1

[Excerpt] San Miguel, 30 Aug -- Extremists have carried out two strong attacks on the Radio El Salvador repeater station at kilometer 158 on the military route. The attacks took place this weekend. At 0700 Saturday terrorists attacked from the Santiago Plateau, which faces the radio station, using rocket launchers, rifles and machineguns to harass the soldiers and guards who are on continuous watch there. The soldiers and guards took strategic positions to repel the attack. There was no report of casualties on either side in this 2-hour attack. Yesterday, Sunday, at 1200, the extremists again attacked Radio El Salvador, which has been attacked, even with dynamite, many times before. This has forced security guards to adopt permanent security measures. It has been reported that the second attack was more intense and that it went on for 3 hours, but no casualties were reported in this harassment action.

ARCHBISHOP OPPOSES ALL FOREIGN INTERVENTION

PA010200 Managua Domestic Service in Spanish 0300 GMT 31 Aug 82

[Text] Arturo Rivera y Damas, archbishop of San Salvador, came out in opposition to any kind of foreign intervention in Central America today by emphatically rejecting the so-called Symms Amendment. The head of the Salvadoran church added that the Honduran troops' intervention in the Salvadoran domestic conflict is also creating the risk that another Vietnam will be unleashed in Central America. Noting that the media have reported that Honduran troops have been intervening in El Salvador, Monsignor Rivera y Damas said: I believe that all intervention should be avoided, in order to avoid a regionalization of the conflict.

HONDURAS

FORMER INTELLIGENCE CHIEF SCORES GOVERNMENT

FL010030 Mexico City NOTIMEX in Spanish 2245 GMT 31 Aug 82

[Text] Mexico City, 31 Aug, (NOTIMEX) -- Honduran Col Leonidas Torres Arias said here today that the chief of the Honduran Armed Forces, Gustavo Alvarez Martinez, has made a commitment to the United States that Honduras will serve as a springboard in case of an international war.

The military officer charged that the Honduran Government is getting ready to invade Nicaragua, something which he described as a dangerous adventure that lacks popular support. He noted that the real issue in question is the struggle for power of a man blinded by ambition. Moreover, Torres Arias noted that Honduran leaders are planning to wage a war against Nicaragua despite the fact that Honduras is not economically capable of perpetrating such an action.

He said that since Alvarez Martinez has taken over the leadership of the military forces, Honduran military institutions have stopped upholding a neutral position regarding the Central American situation.

After noting during a press conference that Alvarez Martinez has started a political repression campaign that is leading the country to the brink of civil war, the former military attache to the Honduran Embassy in Argentina said that he opposes the Symms Amendment that was approved by the U.S. Senate and that authorized President Ronald Reagan to send troops to Central America and the Caribbean.

Torres Arias, who was chief of the Honduran Intelligence Department until December 1981, noted that due to security reasons he is unable to talk about the construction of military bases in Honduras.

NICARAGUA

RAMIREZ ADDRESSES LIBERAL INTERNATIONAL SEMINAR

PA312332 Panama City ACAN in Spanish 2103 GMT 30 Aug 82

[Text] Managua, 30 Aug (ACAN-EFE) -- The Nicaraguan Government is "very concerned" because "the U.S. Government's aggressiveness never ends," Sergio Ramirez Mercado, a National Reconstruction Junta member, said today. Speaking before the Liberals of Spanish America and Western Europe who ended a seminar last night in which the prospects of liberalism on the continent were examined, the Nicaraguan leader said that "efforts are being made to find an understanding with the North Americans, but it is very difficult."

"Perhaps there is an apparent calm because we are in the eye of the hurricane, but the situation is somber and we are very concerned, for the U.S. Government's aggressive attitude never stops," Ramirez Mercado emphasized.

He said that the convocation of elections in Nicaragua in 1985 "depends upon the revolution's opportunity to take all necessary steps to bring us closer to this objective." He added that the Sandinist government is prepared to hold the elections "even if circumstances are difficult and even if we have to live for some time under a national state of emergency."

According to Ramirez, the presence of the Liberal International in Nicaragua reaffirms the revolutionary government's desire for political pluralism. Daniel Ortega, coordinator of the Nicaraguan Government Junta, also met with the leaders of the Liberal International, but separately.

On this occasion, Urs Schettli, a top Liberal delegate, expressed his support for the Nicaraguan plan to achieve a mixed economy and political pluralism, as well as for the strengthening of the Nicaraguan Government's nonaligned policy.

More on Meeting

PA310524 Paris AFP in Spanish 0219 GMT 28 Aug 82

[Text] Managua, 27 Aug (AFP) -- Guillermo Selva, secretary general of the Independent Liberal Party, PLI, has said at a Liberal International (LI) seminar in this capital that modern liberalism must be characterized by the promotion of "social justice, nationalism, respect for human rights and nonalignment."

Liberal leaders from Latin America, Germany and Canada are here for a seminar on "Liberalism and Social Changes in Latin America." The seminar opened last night, and it will conclude tomorrow with the approval of a document noting the conclusions.

The most important guests attending this seminar are LI leaders Gunther Verheugen, secretary general of the FRG Liberal Party [as received] and president of the Fredrich Neumann Foundation; Gordon Asworth, secretary general of the Liberal Party of Canada; and Urs Schoettli, secretary general of the LI.

During the speeches, internationalism was described as one of the main characteristics of Liberalism.

Virgilio Godoy, president of the PLI and labor minister of Nicaragua, has said the event is very important, and that in addition to promoting national and international aspirations, "it has demonstrated how wrong those are who think that Liberalism has no future in a modern society."

Verheugen said that Liberalism is outstanding because of its liberty principle, an indispensable condition for development in any country.

Guillermo Selva said that the characteristics of the Liberalism of the future should be "social justice, nationalism, respect for human rights and nonalignment."

National Reconstruction Junta Member Rafael Cordova Rivas attended the inauguration of the seminar, which was organized by the PLI and sponsored by the FRG's Fredrich Neumann Foundation.

Bayardo Arce Meets Leaders

PA310556 Managua International Service in Spanish 0230 GMT 29 Aug 82

[Text] Commander Bayardo Arce, member of the FSLN National Directorate, has received several FRG Liberal leaders in his office. Arce, who is coordinator of the FSLN Political Committee, held talks with Dr Gunther Verheugen, secretary general of the FRG's Free Democratic Party; (Heather Dietz), chief of the Fredrich Neumann Foundation's Latin America Department; and Mr (Thomas Hammer).

Meanwhile, the delegates participating in the Liberal parties' meeting in Managua have said that here in Nicaragua there is tolerance for everyone except counterrevolutionaries. Gordon Asworth, national director of Canada's Liberal Party, one of the delegates to this event that opened last Friday, said that in his country most members of Parliament maintain that free elections will be held in Nicaragua, as the revolutionary leaders have repeatedly stated.

Labor Minister's Comments

PA311452 Managua Radio Sandino Network in Spanish 1200 GMT 30 Aug 82

[Excerpts] An accentuated spirit of renewal with a desire to place liberalism within the era of social and political change that characterize our continent prevailed during the debates of the Liberal International Seminar which ended yesterday in the Camino Real Hotel in Managua. The substantial contributions of the delegation of Nicaragua's Independent Liberal Party [PLI] helped enrich the debates, which unfolded in a climate of extraordinary frankness, cordiality and respect.

The final document of conclusions, which will be released today, contains definitions which are clearly more progressive than any that have previously come out of international Liberal events. Thus, it is noted that workers and peasants should participate in the development of means of production in order to achieve a better distribution of wealth, ensure their social well-being and promote their civic activity.

The document also proposes that marketing systems be improved to favor economic integration in an effort to raise the standard of living of the masses.

One of the high points of yesterday's meeting took place when Virgilio Godoy, in the presence of junta member Rafael Cordova Rivas, read a document expressing support for the Sandinist revolution.

Virgilic Godoy, president of the PLI and labor minister of the revolutionary government, tells us about the results of the Liberal seminar.

[Begin recording] We are highly pleased to have enjoyed the privilege of chairing the meeting because, apart from this [as heard], there is an awakening feeling of unity among the Liberals of Latin America, not only because they are Liberals, but because this unity can help our people achieve greater opportunities for social and political development.

There was ideological consensus, or rather a feeling of unity, regarding the major struggles in present politics. There were objections; there were dissenting positions, but in general, most of the delegations which were present here demonstrated that, unlike what could perhaps have been expected, there is a great climate of renewal within the Latin American Liberal movement and this gives us great hope, because it means that the Liberals will be increasingly capable of joining in the struggles for liberation of our peoples, and in their hopes for economic, social and political change. [end recording]

Political Pluralism Praised

PA011640 Managua Radio Sandino Network in Spanish 1200 GMT 31 Aug 82

[Text] The Liberal International, which met in Managua for 4 days, has acknowledged and praised the political pluralism that exists in Nicaragua. We have seen with satisfaction that political pluralism is being acceptably observed and respected and we believe that this political pluralism should be strengthened as an indispensable factor for the revolution to enjoy the support and good will of the international democratic community, the resolution of support issued by the Liberal International states.

The Liberal International has also acknowledged the achievements of the revolutionary government in the social and health fields, the benefits that the peasants receive by being integrated into the national life, and, especially, the success of the literacy campaign, which gives education to all Nicaraguans.

In a statement, the Liberal International condemns all forms of intervention in the domestic affairs of Nicaragua because such intervention goes against peace and harmony between nations.

The document adds: We are very concerned with the climate of violence in Central America and for this reason we support all peaceful efforts by the Nicaraguan Government to solve the conflicts affecting the people and the region.

The Liberal International concludes by greeting the Nicaraguan people, especially those who have faith in the liberal principles of nationalism, anti-imperialism, democracy, political pluralism, nonalignment and mixed economy, sure that these factors are indispensable for the survival of the Nicaraguan revolution.

'Managua Declaration'

PA011645 Managua Radio Sandino in Spanish 1830 GMT 31 Aug 82

[Text] Liberals from six Latin American countries, seeking a political alternative leading to the complete liberation of their peoples, yesterday signed an eight-point document here called the "Managua declaration." The document, issued after the Liberal International meeting held here, calls for a system of free elections, development of mixed economy, and political pluralism as basic principles.

The Managua declaration was signed by Panama, Equador, Peru, Honduras, Nicaragua and Colombia. The liberals also issued a document supporting the Nicaraguan revolution, stressing the revolutionary government's commitment to hold elections in 1985, with the effective participation of political parties.

Referring to the armed struggles being waged in several countries, the liberals point out that this struggle is the people's right when it is the only resort left against repression. They also expressed support for the promotion of education, culture and technological and scientific development. It is understood that this is all part of a process of change and renewal, and is man's and society's means to achieve liberation.

The Liberal International stresses that workers and peasants must participate in the development of means of production in order to achieve a better distribution of wealth, insure their social welfare, and promote civic activities.

Urs Schettli, secretary general of the Liberal International; Gunther Verheugen, secretary of the FRG Free Democratic Party; and (John Dikin), also from the FRG; also attended the meeting, in addition to the Latin American delegations.

MINISTRY REPORTS COUNTERREVOLUTIONARY ACTION

PA011700 Managua Radio Sandino Network in Spanish 1200 GMT 31 Aug 82

[Communique issued by the Public Relations Office of the Interior Ministry in Managua on 30 Aug]

[Text] The Interior Ministry reports to the Nicaraguan people that yesterday, between 0000 and 0100, a group of some 70 counterrevolutionaries attacked the Puerto Viejo camp of the Construction Ministry. This camp is in the Iyas Region. The counterrevolutionaries murdered Companero (Tolando Espinoza), the camp's accountant, destroyed 31 trucks, 4 mechanical shovels, and 4 motors. They also damaged the installations, including a medical post.

Later they tried to destroy the bridge over the Iyas River, but a group of peasant militiamen who had been alerted by the explosions went to the bridge and, with their bullets, kept the criminals from carrying out their plan.

This attack was aimed at sabotaging the revolutionary government's efforts to bring progress and economic advancement to the thousands of peasants in that broad region who, under Somoza, knew only poverty, repression and death. The counterrevolutionaries were armed with FAL rifles and much ammunition. They used powerful explosives to destroy the construction equipment.

The training that these elements demonstrated, as well as the equipment they used in carrying out their criminal action, once again demonstrate the large-scale logistical support and highly specialized training that the counterrevolutionary groups infiltrating the country receive in Honduras from the CIA in line with the destabilization plans that the Reagan administration is implementing against the Sandinist people's revolution.

PLI PRESIDENT ADVOCATES DEMILITARIZATION

PA310620 Managua LA PRENSA in Spanish 23 Aug 82 pp 1, 12

[Text] Virgilio Godoy, president of the Nicaraguan Independent Liberal Party (PLI), commenting on a new U.S. proposal to ease tensions, today came out in favor of the demilitarization of Central America.

Godoy, who is also labor minister, said: "I do not believe that anyone who is even vaguely interested in solving the problems of Central America could not be interested in this proposal from Mr Enders."

Thomas Enders, assistant secretary of state for inter-American affairs, revealed in Washington last week a new proposal for Central America, which takes into consideration a limitation on the sale of arms and a decrease in the number of foreign military advisers.

It includes the withdrawal of U.S. military advisers from El Salvador and Honduras and a reduction of the large Cuban presence in Nicaragua.

According to the U.S. proposal, the Central American countries would agree to establish a common minimum level of foreign military advisers in the region.

The PLI president added that "the problem is that conditions are being imposed for the realization of these efforts. However, the arms buildup or militarization of the Central American countries is obviously negative in terms of the principal effort, that is, economic and social development."

Godoy attributed the militarization of the Central American countries to a series of threats, intrigues and tensions that promote a climate of generalized distrust, which has a negative effect on the process of strengthening the democratization that is an imperative necessity," he said.

"We would completely agree to demilitarize the region in order to create an atmosphere of peace that would permit us to use our countries' resources for the welfare of our peoples," said Godoy. "An arms buildup only favors the producers of arms. They are the big businessmen who consume large sums of money that could be used on other efforts," said the PLI president.

Godoy said that the ideal would be a demilitarization of Central America, but Enders also spoke of the Cuban presence in Nicaragua. Here in Nicaragua one could speak of the excessive U.S. presence in Central America, he said.

And not just the U.S. presence; we know of other military presences that -- although they are not U.S. -- are intimately associated with the United States."

Godoy wondered: "The fundamental question is, who is going to take the first step in a sincere, honest, serious and responsible move? It is not sufficient to withdraw in some way (the formal military presence) while maintaining an informal military presence."

The PLI president said that "there is other, covert, military assistance -- even a U.S. presence -- that is not in the open, not in view of the whole world."

"Therefore, the question is to see how this military expense and this military presence can be reduced, and how we can dedicate all possible resources to the economic and social development of our peoples."

"Military forces have never been a necessity in Central America, except to dominate the national societies themselves," he explained.

Godoy reaffirmed that it is not necessary to have large armed corps in Central America because neither Honduras nor Nicaragua -- nor any other Central American country -- represents a military danger to the great powers.

Francisco Fiallos Navarro, the Nicaraguan ambassador in Washington, arrived in Managua last weekend and said that the U.S. State of Florida continues to serve as a training ground for counterrevolutionaries.

Fiallos arrived in Nicaragua with the object of explaining the present relations with the United States.

The ambassador reportedly delivered a note to the U.S. Government that the Nicaraguan Council of State sent to the U.S. Congress on the "interference of Reagan's government in Nicaraguan affairs."

ALFONSO ROBELO DISCUSSES CURRENT STRUGGLE

PA281948 (Clandestine) Voice of Sandino in Spanish to Nicaragua 0000 GMT 28 Aug 82

[Statement by Alfonso Robelo, president of the Nicaraguan Democratic Movement, MDN; in Costa Rica, date not given -- recorded]

[Excerpts] Since this is the first time I address the people of Nicaragua through this Voice of Sandino, I would like to send them a fraternal and brotherly greeting, because even though we are separated, I want them to know that we are with them. At no time have we stopped our struggle, a struggle that must be clearly defined as one that democratically rescues our revolution -- not the betrayed revolution that was handed over to Marxism-Leninism; not the totalitarian revolution; not the revolution in which the Cubans are the ones who really have the last word, but the noble, Nicaraguan and Sandinist, in the true sense of the word, revolution with which we are all identified and in which we have all placed our hopes so that our country, our Nicaragua, will head toward a true democracy.

We are all struggling. All of us -- Commander Pastora, the MISURASATA brothers, the MDN brothers -- are struggling together in an effort to rescue our revolution.

In answer to your question on the progress of this struggle; this struggle which I insist is one for the democratic rescue of the Nicaraguan revolution, I would like to say that the people must know that we are facing some difficulties, but our spirit does not dwindle. Our struggle is a struggle to the end. It is a struggle that does not give up and although we face some difficulties we know it has the understanding and, above all, the support of the Nicaraguan people.

It think it is important to give the people a clear idea that our struggle is not for tomorrow. It is a struggle of today and tomorrow, but not an immediate struggle. It is one that will have to go on for some time, but will definitely lead to that glorious day, not too far away. However, we shouldn't believe in the illusion that it could be tomorrow. When that day comes, we will all be able to embrace each other in an environment of true freedom, not one of repression like that currently experienced in Nicaragua.

The struggle is against those who have surrendered Nicaragua to the Cubans, those repressing and enslaving the Nicaraguan people, those misgoverning Nicaragua. On the other side, we find those who want to rescue this revolution, and then there is a third force; those who apparently want to rescue the Somozist past. We have nothing to do with these men. This is the situation seen from the outside.

Maybe now we should analyze the situation from the inside. What is happening in Nicaragua? What do we see happening in Nicaragua? What do we believe is the reality of this country that has suffered so much, our Nicaragua?

In Nicaragua we are experiencing a repression which is more brutal each day. The police state, typical of the totalitarian Marxist-Leninist dictatorships, is clearer and more palpable each day. One can do practically nothing. We see now they have reached the point of forbidding the publicaton of the pope's letter to be published. Later they had to give in.

With an attitude of disrespect that already borders on insolence, some still dare to disrespect his holiness the pope and criticize his letter saying that it is a lie, and all this because the pope did not criticize the incident, the deaths, that occurred in San Francisco del Norte. We consider this absurd because the letter was written before these incidents occurred. This demonstrates the ignorance and barbarian attitude of the National Directorate.

Therefore, I would say that the main thing is that Nicaragua suffers each day more repression, more police control, a system that drowns and suffocates. They are currently focusing their complete attention on the organization that, inside Nicaragua, has the most prestige -- the Nicaraguan Catholic Church, in the broad sense of the word, The Christian churches. They have not only included the Catholic Church but also the Protestant, Evangelist, Jehovah Witnesses, Moravian Church and so forth. This seems to be the most tenacious struggle of the totalitarians and dictators of the National Directorate. Into this struggle they are putting all their wicked insults and slander. We have to remember that the Marxists are men without ethics and morals. When we judge them according to the ethics and morals typical of a Christian people such as the Nicaraguans, we realize that they will use any means to achieve their end. Let us remember that the Marxists say that the end justifies the means. For them any means can be used to enforce in Nicaragua a Marxist-Leninist dictatorship that will surrender our country to the Cubans and through the Cubans to the Soviets.

I would like to say something that, according to our information, is vox populi in Nicaragua. It is important for the people who listen to this radio station, their radio station Voice of Sandino, to know this.

Shortly after the floods in western Nicaragua in May or June -- I can't recall -- of this year, the brother of Castro, the dictator, arrived in Nicaragua. Raul Castro stayed in Nicaragua more than a week; I believe he stayed almost 2 weeks. It is said that Raul Castro told them that as long as the Catholic Church, and the prestige it has, as well as all the Christian churches existed in Nicaragua, they would never be able to consolidate the unbreakable and dictatorial power characteristic of the communist regimes. Therefore, they had to destroy the great prestige of the Catholic Church and, above all, destroy the prestige of that great man Msgr Miguel Obando Y Bravo, our Managua archbishop. We see that after Raul Castro left, the chain of events began. They are trying to confront the church and destroy the image, prestige and moral authority of the Catholic Church.

If we were to analyze the situation, we would realize that there is a never-ending chain of events provoked by them [the National Directorate]. At no moment can it be said that this is a church maneuver.

All these events were obviously a ploy by a government trying to discredit a solid and worthy organization such as the Nicaraguan Catholic Church. This, and I will comment further in the second half of this interview, touches a very sacred fiber of the Nicaraguan people -- their religious feeling. You cannot go around meddling, and you should never go around meddling, with the religious feeling of the people. You have to respect the people; this is important. You have to respect the people's religious holidays, Holy Week, the right to attend processions and services. Above all, you have to respect the priests. Last but not least, you have to respect the head of the Nicaraguan church, Monsignor Obando and the Nicaraguan bishops.

Further Comments

PA302301 (Clandestine) Voice of Sandino in Spanish to Nicaragua 0000 GMT 29 Aug 82

[Second and concluding part of statement by Alfonso Robelo, president of the Nicaraguan Democratic Movement, MDN, in Costa Rica; date not given -- recorded]

[Excerpts] I think that in the first place, statements by Sergio Ramirez Mercado regarding elections cannot be valid. What moral standing can the government and Ramirez have, when they have failed to fulfill all promises and have betrayed everything?

But let us leave behind this man's lack of morality and ethics, and let us cite specific facts.

There is no issuing of personal identity cards and no electoral registrar in Nicaragua; that is, there are no listings of who can vote and who cannot vote, so there is no basis for an election.

We could overlook this if people were acting in good faith. But then we move on to the next thing; there is no political parties law. Not only is there no political parties law, but political parties have been harassed in their work, they have been silenced; and our party,, the Nicaraguan Democratic Movement, has had to leave political struggle in Nicaraguan because there is no room to act there. How can there be room to act if the media are censored, if radio stations are censored or chained, if television is monopolized, if we cannot make public appearances or hold rallies like that of [word indistinct], if there is widespread fear because of the vigilance and repression felt in all neighborhoods and blocks of Nicaragua?

So how can we think of elections in Nicaragua, where there are no political parties operating because of a lack of political space, where there is no law for political parties, no electoral law, no electoral registrar. Above all, if there were elections and if we won -- as should be the case if we had the support of the majority of the people, the Democratic forces of Nicaragua -- how could we govern if there were an army whose leaders were party people who defend not the interests of the homeland but party interests, the interests of a party that has sold out to Cuba and the USSR because of its ideological connections with them? What can [words indistinct]? There would be a coup d'etat immediately.

There is no way to have a civic struggle in Nicaragua. Everyone knows this. In Nicaragua we must resort to the use of force -- force that is political and military, force that has many areas in which to act, but force nevertheless -- as we have no other choice. Anything else is to mock ourselves, and thus we again arrive at the idea of a lack of authority and morality.

How can these people -- the people who have the most arms in Nicaragua; the ones who have brought more arms to Nicaragua; the ones who have introduced the militias; the ones who make the people lose many valuable hours that should be devoted to productive labor, to their families, to many other things, hours that are lost because people must join the militias and are later sent to the border areas as cannon fodder... [doesn't complete thought]

This is something that perhaps has not been mentioned but which is criminal; the National Directorate, instead of sending its well-trained troops, sends untrained peasants to face the counterrevolutionary bands in Honduras. The National Directorate is trying in this way to arouse the Nicaraguan people, who when they see those who are killed may become polarized and support the National Directorate.

But going back to the issue of disarmament in Central America, how can they talk of disarmament, they who continue to receive weapons from France, who continually carry out military maneuvers and who spend the money of the Nicaraguan people -- more than in any other Central American country -- on weapons? How can they speak of disarming, they who have invited the presence of 1,800 Cuban advisers -- not to say Cuban invaders, Cuban masters. Within each corps of that army a foreigner, a Cuban, has the last word.

[Words indistinct] is to fall again for the same trick, to become lost in the maze that characterizes the Marxist-Leninists, who with their ethics and morals -- or their lack of ethics and lack of morals -- have no qualms about deceiving people to the very end, as often as necessary, because they believe that every time they say something like this there will be somebody out there to believe them, and that they are deceiving fools. But the Nicaraguan people, the Nicaraguan democrats, cannot be fooled.

BOLIVIA

STUDENT BLOCK COCHABAMBA STREETS, DEMAND FUNDS

PY020134 Buenos Aires LATIN in Spanish 2230 GMT 1 Sep 82

[Text] La Paz, 1 Sep (LATIN-REUTER) -- University students today blocked the streets and avenues of Cochabamba, which is being paralyzed by a 24-hour general strike, to demand that the government comply with its economic duties regarding the universities.

Telephone reports obtained by this agency in Cochabamba, located 450 km southeast of La Paz, state that the university students, who began a hunger strike 2 days ago, blocked the majority of the downtown streets with cars.

Police authorities have expressed their concern over the tense situation, which could deteriorate within the next few hours when the announced public meeting is held in the main square to consider the situation of the universities.

The Departmental Labor Federation of Cochabamba ordered a 24-hour strike in support of the requests made by students and professors. The strike was reportedly being observed normally today.

The Executive Committee of the Bolivian University, which is the highest-ranking organ of Bolivian universities, and is made up of students and professors, has accused the military government of not observing its commitment to grant additional funds to prevent the suspension of academic activities.

The situation has prompted numerous protests on the part of university communities in several Bolivian cities. Yesterday, the university students of La Paz loudly requested necessary funds so that they can continue with their activities.

The Bolivian University's Executive Committee has called for a mobilization and a national march of university professors, students and administrative personnel to be held tomorrow in all Bolivian cities with universities.

The nondelivery of the funds on the part of the government is related to the worst economic crisis the country has ever experienced. This crisis has also brought about a steep increase in the cost of living.

CUBA

BRAVO CONDEMNS ISRAEL AT DAMASCUS MEETING

FL011340 Havana Domestic Service in Spanish 1100 GMT 1 Sep 82

[Text] Cuba has reiterated its solidarity with the struggle of the Arab states and Palestinian people and condemned the savage attack unleashed by Israel against Lebanon in statements made in Damascus, Syria, by Flavio Bravo Pardo, chairman of the Cuban National Assembly of the people's government. The statements by Bravo Pardo, also a member of the party Central Committee, were made during a meeting in the Syrian capital with 'Abdallah al-Ahmar, assistant secretary general of the Arab Socialist Renaissance Party -- Ba'ath, and Syrian Prime Minister 'Abd ar-Ra'uf al-Kasm. The Cuban leader said Cuba supports the Palestinian cause in its struggle against imperialism and Zionism. He also voiced his repudiation of the atrocities committed by Tel Aviv against the Beirut defenders.

PANAMA

PRD DECLARES 'INDEPENDENCE' FROM DE LA ESPRIELLA

PA020048 Paris AFP in Spanish 0015 GMT 2 Sep 82

[Text] Panama City, 1 Sep (AFP) -- The Democratic Revolutionary Party [PRD], which was founded by the late Gen Omar Torrijos and which supported former President Aristides Royo's government, today declared itself "independent" of Ricardo de la Espriella's government. "We are not in the opposition, nor is the current government that was installed 30 July a government of the PRD," PRD Secretary General Ernesto Perez affirmed.

Perez defended the Torrijist trend in the Panamanian process that began in 1978, noting that Torrijism "has not died, nor is it only a surname; it is a doctrine with firm followers." He also charged that as of 30 July, the date on which the new administration led by De la Espriella took office, "an escalation by the opposition has emerged in an effort to thwart or destroy Torrijism."

"This is a political escalation under the guise of democracy," stated Perez, who was a personal adviser to Torrijos and a government minister under Royo. Perez indicated "that the PRD will not fight over interests or anyone's personal ambitions," and remarked that "the government led by De La Espriella is comprised of forces representing other currents and, therefore, is not of the PRD."

He maintained that the PRD agrees with amendments to the Constitution if they seek to strengthen the Panamanian constitutional system and as long as the National Assembly of Corregimiento Representatives is consulted.

URUGUAY

GOVERNMENT APPROVES PACKAGE OF FINANCE MEASURES

PY012315 Buenos Aires LATIN in Spanish 1633 GMT 28 Aug 82

[Text] Montevideo, 28 Aug (LATIN-REUTER) -- The government has approved a package of measures regarding institutions acting as financial middlemen with the purpose of establishing Uruguay as a financial center and of ratifying the current economic system. The measures are contained in a decree approved yesterday as an urgent security measure, which means that they are for immediate implementation. However, the text has been submitted to the State Council (parliament) for further ratification.

Julio Maria Puppo, president of the Central Bank, explained that in view of the unstable situation of the foreign financial systems, it has been considered necessary to preserve the integrity of the system and, through it, public savings. The approved measures cover those enterprises which operate with capital which is not their own and not those which operate on the market through the investment of their own capital. Another objective being sought is an opening for the operation of new banks. At present there are 21 banks operating in the country, but this number could increase annually by 10 percent. The package also establishes strict measures which did not exist in the past regarding trade secrecy, which will now protect all the operations carried out by broker enterprises. The package also establishes the rules governing compliance by new banks with their financial commitments. The approved measures also cover stock exchanges, insurance companies and futures markets, which will also be subject to special complementary rules to be issued later on.

The president of the Central Bank explained that these rules are part of three measures, the other two being the approval of the charter of the Central Bank and the modification of the charter of the Bank of the Republic, both coming up for approval shortly. The development department, which is designed to grant credits in order to promote the reactivation of the productive sectors, will be created within the sphere of the Bank of the Republic.